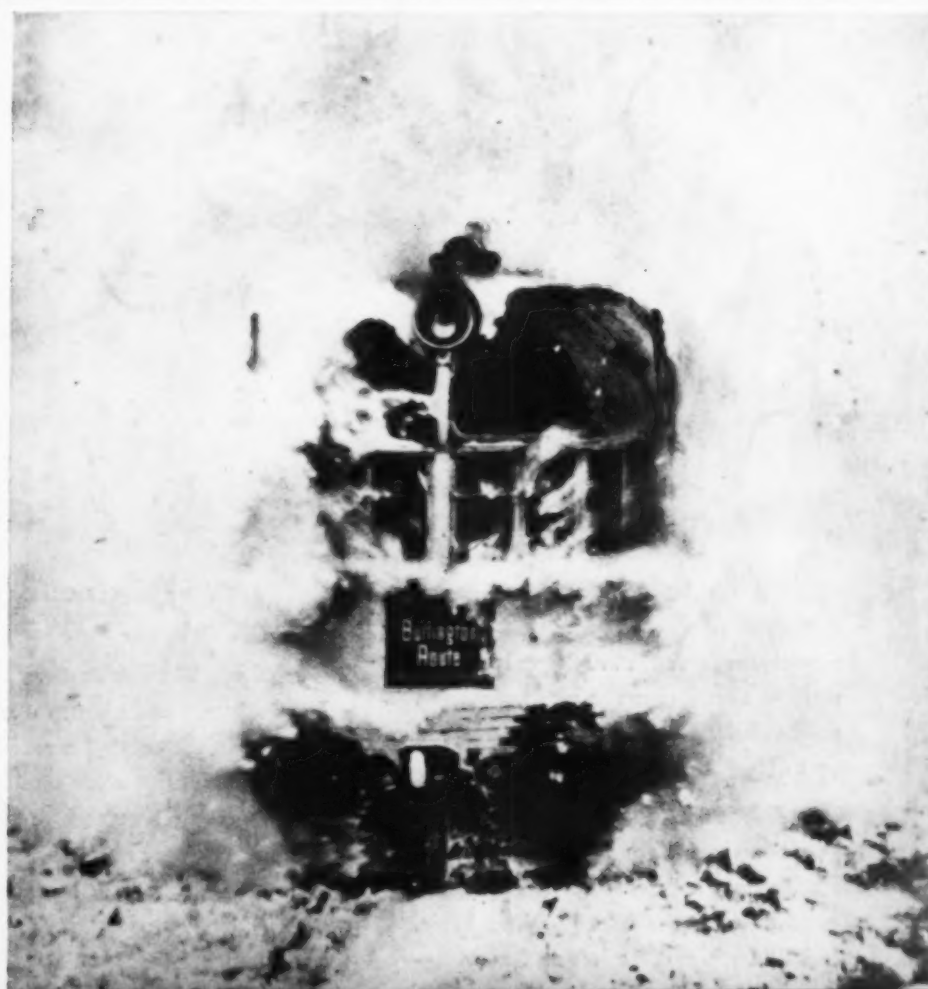


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BUSINESS WEEK

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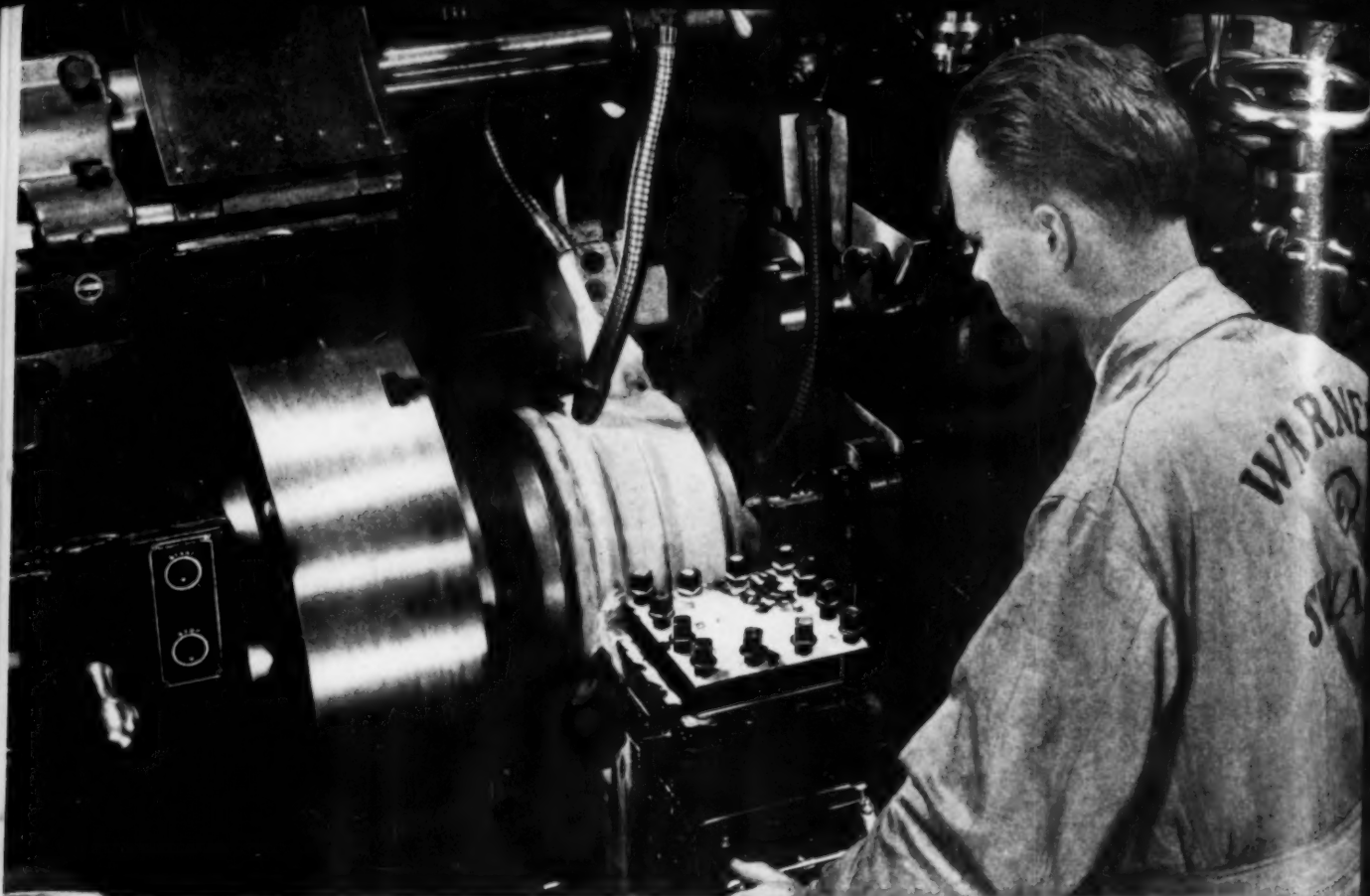
YEAR
AGO



Led by the Pioneer Zephyr, first in actual service, the streamliners plow ahead.

"The Streamliners—After Six Years": A Report to Executives

ESS
TOR



Isn't there a little bit of ostrich in all of us?

AREN'T WE ALL inclined to shut our eyes to unpleasant truths? Little wastes, for instance . . . Scrap loss a bit too great here, cost-per-piece a fraction too high there . . . Little wastes can add up to big losses in profits.

Let's face the facts together. Our field engineers can help you examine your turning work and its costs. If you are operating on the best possible basis, it will be a satisfaction to know it—and we'll be the first to tell you. But if

there are ways to cut costs, you want to know that, too.

Modern Warner & Swasey Turret Lathes have been able to cut cost per piece as much as 50% even in the best managed plants, reduce and often stop scrap loss, and increase profit accordingly. Whether or not they can do that in your plant we'll *prove* by figures based on your own operation. That's information worth having. To get it, write—



YOU CAN TURN IT BETTER, FASTER, FOR LESS... WITH A WARNER & SWASEY



It swallows the bumps

A typical example of Goodrich development in rubber

HERE'S ONE of the reasons why the new streamlined buses and railway cars make you feel as though the road at the rail bed has grown wings and is flying along with you. A new type of deep seat cushion that has a quarter-million air cells in every cubic inch.

Cut into it and it looks like a piece of delicate sponge cake with arched openings at the bottom. Sit on the seat and it feels like velvet a foot thick.

Goodrich research men discovered a new way to make latex (the milky-white sap of the rubber tree) into a light,

fluffy foam, then vulcanize it as we vulcanize rubber. Many of the air cells are so tiny you'd need a strong magnifying glass to see them. And the finished cushions are made so light they are 90 per cent air and only ten per cent rubber. They're odorless—and never too warm because the cells are connected and air circulates through them when the surface is flexed.

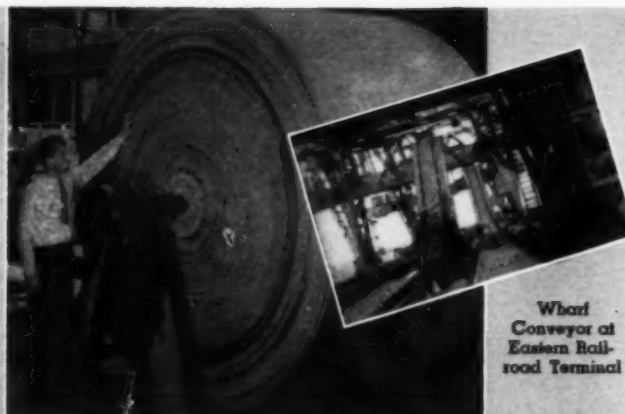
Mattresses, too, are being made of this new "Air-cell" material, and upholstered furniture will soon be available.

Just another part of the same Goodrich research program that not only produces new products but improves old ones, too. Developed by the same Goodrich research men who produced rubber springs for street cars, ice-removers for airplanes, rubber paints, cord conveyor belts and dozens of other developments in rubber. The B. F. Goodrich Company, Akron, Ohio.

Goodrich

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THIS BUSINESS WEEK

**BUSINESS
WEEK**



The Burlington's Pioneer Zephyr ploughs through this week's cover to announce a report to executives on streamlined trains—from scientific origin to merchandising destiny. On page 47 the editors report on the six-year history of this important phase of modern railroading.

What's More

LAST WEEK, the House—tongue-in-cheek—made some drastic cuts in the Department of Agriculture's appropriation. Now the Senate sets about expected restoration. All of which makes a fine case study in high-pressure politicking—page 15... The movies are carrying the story of the "Grapes of Wrath" to even more people than were reached by the book—and California is still getting it on the chin for its treatment of the migratory workers. Now California has gathered facts and figures to demonstrate that the problem is one for the federal government to tackle—page 18... Robert Jackson, the new Attorney General, has never held an elective office, but Washington thinks he's headed for a political career now, calls him "heir apparent" to the White House—page 24... Amendments to the Wage-Hour Law still hang in the balance, while the Administration forces and the farm lobbyists maneuver for position—page 40... Starting next May railroad passengers can arrange with any ticket office in the U. S. to have a drive-yourself car waiting at the station when they get off the train—page 18.

BUSINESS WEEK • FEB. 10, 1940 • NUMBER 58

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PUBLICATION

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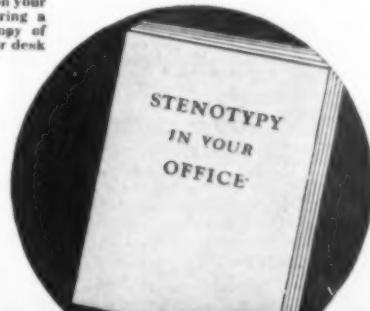
Executives

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NEW BUSINESS

Well, It's True

THE ONE-MILLIONTH BORG SCALE, a bathroom model, was gold-plated and placed on exhibition at the House Furnishings Exposition in Chicago. . . A Terre Haute, Ind., paint company, Smith-Alsop, advertised a floor varnish on an outdoor display board and painted a section of the poster with the varnish—as a sample. . . The Pepsi-Cola Co. has contracted with the Skywriting Corp. of America for no less than 2,000 and no more than 3,000 "inscriptions" in 1940.

Awards for Welders

SHORTLY AFTER JUNE 1, 1942, the trustees of the James F. Lincoln Arc Welding Foundation of Cleveland will be signing 458 checks ranging from \$100 to \$13,700 for prize papers on new developments in arc welding. Reason: the second "\$200,000 Industrial Progress Award Program." This competition seeks "to encourage and stimulate scientific interest in . . . the development of the arc welding industry through advance in the knowledge of the design and practical application of the arc welding process;" it is open to all comers who "have actually engaged in the design or execution of the work upon which the subject matter . . . is based."

U. S. Rights to Buna

LAST WEEK, Standard Oil Development Co., subsidiary of Standard Oil of N. J., acquired the American rights for the production of "Buna," the synthetic rubber developed by the German I. G. Farben-industries. Significance lies in the facts (1) that Standard has plenty of low-cost butadiene, Buna's basic raw material, from its petroleum production, (2) that the greater the number of synthetic rubbers available to American industry the less the dependence on foreign natural rubber. Standard has not decided whether to produce Buna, to sublicense, or both.

Floor Coverings

LEADING AMERICAN MANUFACTURER of felt-base floor coverings is Congoleum-Nairn Inc., which is also an important producer of linoleum. Largest domestic producer of linoleum is Armstrong Cork Co., also an important (second-largest) producer of felt-base floor coverings. Both companies made news this week: one announced a new linoleum, the other launched a traveling show in sales methods. Congoleum-Nairn introduced Nairn Damp-Proof Linoleum Tile, adapted for damp locations and thus completed step No. 4 in the company's development of linoleum products. Earlier stages: (1) In 1936, Congoleum introduced an adhesive felt back linoleum; (2) in 1939, it added a thin layer of latex rubber between felt

and adhesive—thus adding resiliency and permitting the stripping of the linoleum from one floor and laying it on another. (3) last month it brought out Nairn Treadlite De Luxe Linoleum, combining adhesive, felt, latex, and a considerably heavier inlaid face.

Armstrong's Bureau of Retail Merchandising has prepared a sales seminar on management and salesmanship in the retail floor covering field. Two trucks and a crew of five left Lancaster, Pa., this week for a five-months tour of the U. S.

Auto Show to Open Early

BECAUSE EARLY AUTO SHOWS furnish longer fall selling season, the 1940 National Automobile Show at Grand Central Palace will be held from Oct. 12 to 19. Last year's show opened on Oct. 12.

Two years ago the opening was more ahead from the traditional January date to Armistice Day, over the protests of dealers (BW—Feb 12 '38, p17), who generally agree that longer fall selling is profitable.

Store-Ripened Fruit



Dismayed by the quantity of winter pears being sold green to customers, the Oregon - Washington - California Pear Bureau developed this cabinet for grocers which ripens fruit with heat and high humidity. Besides pears, it can be used to ripen tomatoes, avocados, other fruits and vegetables. The cabinet is constructed of plywood. Heat is obtained from an ordinary light globe. High humidity is reached through use of an air-conditioning unit.

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)

—Remarkable in Congressional annals is the fulsome indorsement given to Thurman Arnold's antitrust drive by the House Appropriations Committee—the more so because of the heat being put on Congress by the A.F.L. to hamstring Arnold's prosecution of racketeering in the building industry. The committee was more generous with praise than with money, but the appropriation allowed represents one of only two increases that the economy-minded committee made over budget estimates for the Justice, State, and Commerce Departments.

Plug for Trust-Buster

THE HOUSE COMMITTEE'S STATEMENT that in normal times it would be disposed to go considerably further in adding money needed to bring antitrust law violators to account is practically an apology to Arnold.

Arnold got \$1,309,000 this year (page 24), asked for \$2,300,000 for next year. The Budget Bureau cut him to \$1,209,000. The House committee raised to \$1,250,000, which still falls short of the \$1,500,000 which Arnold claims he needs to complete his campaign in the building industry.

Court Will Show Way

IF THE Supreme Court faces the issue squarely, its decision in the Madison Oil case argued this week will have an important bearing on present antitrust law enforcement policy, on the recommendations of the Temporary National Economic Committee, and on future legislation by Congress. It's the first important antitrust case to reach the Supreme Court since President Roosevelt

succeeded in effecting its reconstitution.

The case may be disposed of on technical issues involved in the conviction of a group of major oil companies on charges of conspiring to raise gasoline prices in the Middle West, but an opinion is expected on the nature and extent of trade restraints permitted by the antitrust law.

Winding Up TNEC

LOOKING towards a final report at the end of the year, the Temporary National Economic Committee hopes to escape the charge that its work is just some more campaign politicking. Hearings will end in June, preceded this spring by a general economic free-for-all open to students, groups, and institutions which have something to say. This will be followed by analysis of the hearings and reports which are expected to run to 80 volumes.

TNEC's immediate schedule includes the final hearing on life insurance next week, a hearing Mar. 18 on the Commerce Department's study of interstate trade barriers, and a hearing later next month on a broad study of technology directed by TNEC's staff.

Regulating the Bureaus

CONTRIVED as a means of heading off the Logan-Walter bill to compel federal agencies to stick to fixed rules of administrative procedure, a report submitted by a committee which had been appointed by former Attorney General Frank Murphy says simply that its studies should be continued till next summer.

The Administration discharged this ammunition in anticipation of house action on the Logan bill. The bill's sponsors won an important step this week in dislodging it from the Rules Committee.

Limiting Excise Tax Cuts

OIL PRODUCERS and their friends in Congress still are trying to upset the 50% cut in the oil import taxes approved under the Venezuela trade agreement. Most practical proposal offered thus far is the amendment under which reductions made through trade agreements would not be applicable to import excise taxes (as opposed to tariffs).

While such an amendment would only apply to future agreements, its sponsors say such a "declaration" would give them a lever with which to put pressure on the State Department for adjustments under existing treaties. Under the Venezuelan pact the excise tax on foreign crude and fuel oil was cut from 21¢ to 10.5¢ per barrel.

Walsh-Healey Test

FIRST COURT TEST of the Walsh-Healey Act, now in the Supreme Court's lap, will mean more rigid enforcement if the government wins, collapse of all wage determinations if it loses. Odds favor a government victory, but if the law governing wages paid by government contractors is reduced to "a futile gesture," there's little likelihood that Congress could be persuaded to pass remedial legislation. Reasons: (1) Congress no longer is crusading for labor as in early New Deal days; (2) the national wage-hour law followed the Walsh-Healey Act into the statute books and in a sense supplanted it.

The government lost in the circuit court. The case will be argued in the Supreme Court some time after March 26.

Dies Goes It Alone

CONGRESSMAN DIES has no notion of asking any of the executive agencies for help in carrying on the committee's work, for which the House has voted another



The Deep South and the Heart of the West combine to keep the farm checks flowing. Senator Richard B. Russell of Georgia (left) and Scott Lucas of Illinois (right) called a strategy meeting of Senate farm parity boosters—the immediate purpose being to restore the cuts made by the House (p. 15). Russell is a real New Dealer, Lucas pretty much of one, although he opposed court packing and the first government reorganization bill. Both are unmistakably friends of the farmer and don't object to taking the ball away from Roosevelt in proving their devotion.

Wide World



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\$75,000. The resolution continuing the committee includes the usual proviso authorizing such assistance, but Dies took the hint as his repeated requests for aid went unanswered when his committee originally was set up.

The funds appropriated furnish no measure of the expense of running a Congressional inquiry. Thus, La Follette's Civil Liberties Committee has received generous aid from several agencies through detail of personnel; the Black committee, when it was investigating air mail contracts, had at one time the loan of nearly 100 men; the Interstate Commerce Commission in a year paid out nearly \$400,000 in salaries of employees assigned to Senator Wheeler's investigation of railroad financial controls.

Liquor's Self-Control

THE STURGES PLAN of ironclad self-regulation for the liquor industry (BW—Oct 28 '39 p16) has had a complete going-over. It was developed by Wesley A. Sturges, head of the Distilled Spirits Institute, who is determined to beat the authorities to a clean-up of abuses. On last Wednesday the revised plan was submitted to the Institute's board in New York.

Companies which make up the institute membership must adopt the scheme before it can become effective. Sales executives of these concerns are generally hostile. They charge that the plan would outlaw valuable sales weapons for member companies but would be powerless to prevent their use by non-member competitors.

Congress's English

THE WILY JAPANESE TRADER is a better interpreter of the English used by Congress than his American competitors, who tried to sew him up by obtaining a law to require more conspicuous marking of imported goods.

He has been interpreting the Customs Administration Act of 1938 to mean that he can stamp "Japan" on toothbrush and hairbrush handles on the spot where bristles will be inserted after arrival in the U.S., despite the law's requirement that marking must be "in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin." His contention has just been upheld by the United States Court of Customs and Patent Appeals, which says the ultimate purchaser of tooth and hair brush handles is the manufacturer here. Look for a government appeal to the Supreme Court, followed by agitation for foolproof legislation, if that body also follows the Japanese slant.

Lux Belongs to Levers

WHEN A FIRM spends huge sums promoting sale of goods under its own trademark, no other firm should be permitted to appropriate the trademark and "reap where it has not sown," the U. S. Court of Customs and Patent Ap-

Harried G.O.P.

WITH ROOSEVELT "forbidding" third-term questions, and the Democrats putting off their convention until after any date the Republicans may pick, politicians predict such a September and October as this country hasn't seen since 1860. The campaign of 1896, when Mark Hanna changed the country over in October by putting money in the proper places, won't be a marker to it, they insist.

Meanwhile, the Republicans don't know whether they will have to blast away at a third term—warn against the dangers of a "permanent President" and such, or whether they will have to pick a candidate and write a platform aimed at "Cactus Jack" Garner or another conservative. And just to puzzle them more, they might have to save a shot for Burt Wheeler, or even Bob Jackson.

Jim Farley, who has the unheard-of power of picking the convention date when he is ready (without even consulting F.D.R.) takes a big grin down to Florida for his vacation. He may not like the third term, and he may still be hoping for the Vice-Presidential nomination, but he is a regular, and is fond of harrying the Republicans.

peals has held. This tribunal of last resort in patent matters made the ruling in affirming the right of Lever Brothers to the Lux trademark.

Sitroux & Company, Inc., sought to register "Sit-Ru-Lux" as a trademark for toilet paper. Lever Brothers objected strenuously, pointing out they had spent \$60,000,000 in promoting sale of Lux soap and flakes since 1900. The court said Sitroux could find a name without "Lux" in it.

Dark Horse Frank

DARKEST of dark horses in the Republican sweepstakes at the moment is Glenn Frank, former president of the University of Wisconsin. Some folks don't even believe he's in the race, but others predict that the blankets will come off as soon as his report as head of the special Republican program committee appears. The report will be turned over to National Committee Chairman Hamilton early in the week, probably will be made public around Feb. 16.

Hamilton can do what he will with the report—even suppress it—but that's out of the question. Those who have read drafts say it's a good job, all things considered. Frank's friends believe publication will remind Republicans that here is a man who might fill the bill.

Senate Will Forget

AFTER MAKING proper gestures of respect toward its beloved Senator Norris, the Senate will forget his bill to permit consumer cooperatives to borrow from the Farm Credit Administration. Because of his health, Norris has placed the baton in the hands of Senator Gillette of Iowa, who will hold a hearing, probably next week.

Retailers and the big farm co-ops will oppose the bill, though the latter may softpedal a bit because of their love for Norris. The farm co-ops have no objection to government aid to consumer co-ops as have the retailers, but they object strenuously to moving over to let the consumer groups hold their cup to the same FCA spigot.

Orator Required

BEHIND THE UNUSUAL PERSONNEL SHIFT in the Department of Agriculture by which M. L. Wilson of Montana resigned as Under Secretary to become Director of the Extension Service at a lower salary, were two reasons: (1) Wallace's desire to have as Under Secretary an orator to relieve him of some of the burden of public speaking; and (2) a determination to strengthen the reorganization of the Farm Credit Administration.

C. W. Warburton, for years Extension Service Director, has been designated Deputy Governor of FCA, from which a string of resignations may be expected in the next few months. Claude E. Wickard of Indiana was nominated Under Secretary in an amicable replacement of Mr. Wilson, whose retiring nature is coupled with inability to travel without risking ill health.

Hypothetical Canal

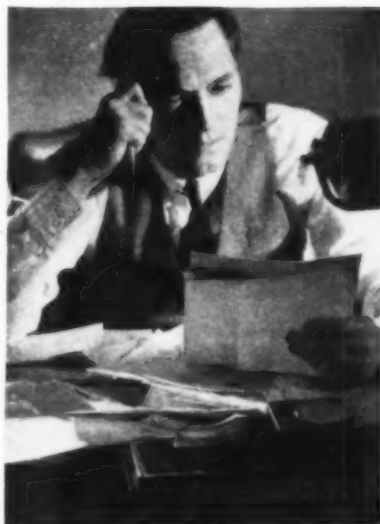
MANY AN INLAND WATERWAY has been, not a carrier of commerce, but a regulator of railroad rates. This was frankly recognized last year by the Board of Engineers for Rivers and Harbors when it reported on the proposed canal connecting Pittsburgh and Youngstown with Lake Erie. The \$240,000,000 canal, the board found, would save shippers 72¢ a ton, cost the public 43¢. Since the railroads can carry all the traffic, why, the Board asked, shouldn't they cut their rates 29¢ instead? The cost to the railroads was estimated at about \$8,000,000 a year.

The Interstate Commerce Commission now throws cold water on the idea by pointing out that the rate cuts couldn't be restricted to the proposed line of the canal, that rates to competing steel centers would have to go down, too. The roads would lose \$85,000,000 a year if they had to meet barge rates, says ICC, and the net effect would be to provide unneeded capacity and to discriminate in favor of large shippers.

The project now goes back to Congress. It is a long way from being built.

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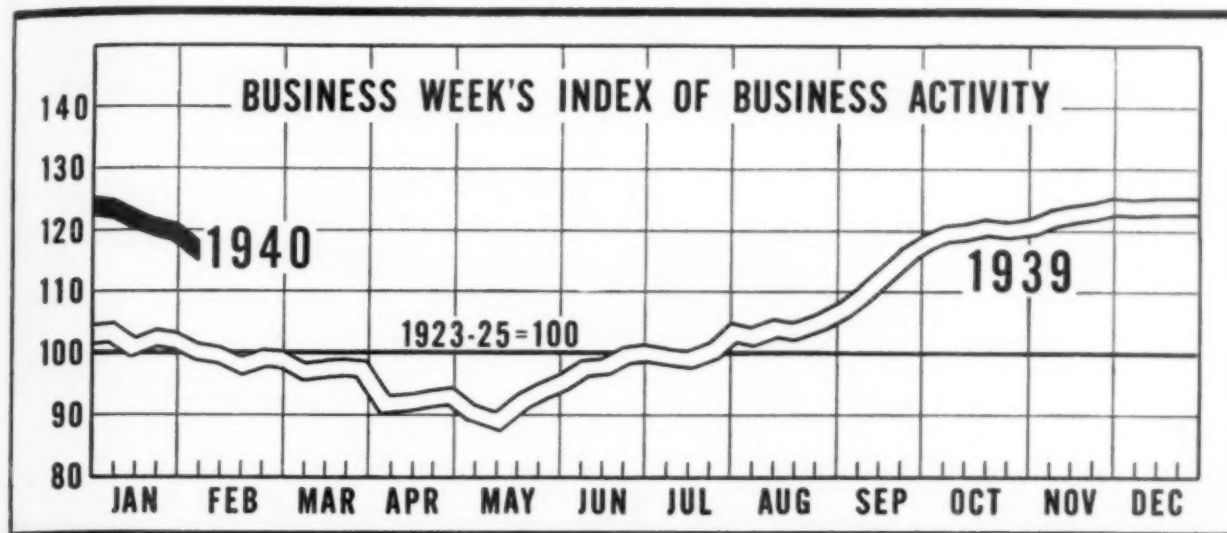
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THE FIGURES OF THE WEEK



THE INDEX.....

PRODUCTION.....

	% Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity).....	71.7	77.3	86.1	60.1	53.4
Automobile Production.....	101,240	106,400	87,510	28,250	78,410
Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$8,109	\$8,394	\$9,558	\$8,660	\$8,564
Electric Power Output (million kilowatt-hours).....	2,541	2,566	2,473	2,325	2,287
Crude Oil (daily average, 1,000 bbls.).....	3,499	3,612	3,584	3,909	3,442
Bituminous Coal (daily average, 1,000 tons).....	1,720	1,653	1,646	1,230	1,439

TRADE.....

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	64	68	69	68	61
All Other Carloadings (daily average, 1,000 cars).....	44	42	43	42	38
Check Payments (outside N. Y. City, millions).....	\$4,343	\$4,279	\$5,605	\$4,412	\$4,063
Money in Circulation (Wednesday series, millions).....	\$7,376	\$7,365	\$7,581	\$7,054	\$6,663
Department Store Sales (change from same week of preceding year).....	+4%	+4%	+8%	-1%	-1%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	159.5	160.5	168.1	140.8	143.0
Iron and Steel Composite (Steel, ton).....	\$37.07	\$37.09	\$37.09	\$35.90	\$36.35
Scrap Steel Composite (Iron Age, ton).....	\$17.08	\$17.33	\$17.67	\$15.42	\$14.88
Copper (electrolytic, Connecticut Valley, lb.).....	11.425¢	11.656¢	12.500¢	10.479¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.95	\$0.98	\$1.04	\$0.67	\$0.70
Sugar (raw, delivered New York, lb.).....	2.80¢	2.85¢	2.81¢	2.85¢	2.78¢
Cotton (middling $\frac{1}{8}$ ", ten designated markets, lb.).....	10.42¢	10.33¢	10.83¢	9.27¢	8.54¢
Wool Tops (New York, lb.).....	\$1.063	\$1.064	\$1.132	\$0.872	\$0.869
Rubber (ribbed smoked sheets, New York, lb.).....	18.84¢	18.76¢	19.36¢	16.67¢	15.73¢

FINANCE.....

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.63%	5.60%	5.61%	5.58%	5.74%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.33%	2.31%	2.28%	2.14%	2.45%
U. S. Treasury 3-to-5 year Note Yield.....	0.48%	0.48%	0.44%	0.42%	0.63%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	$\frac{1}{2}$ - $\frac{5}{8}$ %	$\frac{1}{2}$ - $\frac{5}{8}$ %	$\frac{1}{2}$ - $\frac{5}{8}$ %	$\frac{1}{2}$ - $\frac{5}{8}$ %	$\frac{1}{2}$ - $\frac{5}{8}$ %
Business Failures (Dun & Bradstreet, number).....	285	302	280	277	318

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	19,199	19,163	18,566	17,462	16,048
Total Loans and Investments, reporting member banks.....	23,174	23,183	23,087	22,244	21,442
Commercial and Agricultural Loans, reporting member banks.....	4,295	4,316	4,353	3,887	3,767
Securities Loans, reporting member banks.....	1,099	1,119	1,204	1,181	1,327
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	11,291	11,308	1,115	10,756	9,962
Other Securities Held, reporting member banks.....	3,384	3,339	3,298	3,322	3,247
Excess Reserves, all member banks (Wednesday series).....	5,560	5,590	5,270	4,462	3,476
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,503	2,514	2,564	2,476	2,582

STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	116.9	117.2	122.4	114.6	120.7
20 Railroads, Price Index (Standard Statistics).....	30.6	30.6	32.4	28.3	30.3
20 Utilities, Price Index (Standard Statistics).....	69.7	70.0	71.6	72.4	69.5
90 Stocks, Price Index (Standard Statistics).....	96.1	96.3	100.4	94.6	98.4
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	492	566	702	651	718

* Preliminary, week ended Feb. 3rd. † Revised. § Date for "Latest Week" on each series on request.

**50 Per Cent Annual Return
On a \$17,400 Investment**

**350% Returned Each Year
On This Investment ...
And a Problem Solved**

**\$2000 Spent Once
Earns \$5000 Each Year**

**New Equipment Costs \$5,000
But Each Year It Saves \$5,000**

**Annual Saving: \$16,800
Investment: \$3,900**

**It Pays to Get the Facts —
In This Case, \$5,000 a Year**

**67-per-cent Annual Return
On Investments of \$5800**

**"\$15,000 Spent Once
Saves \$15,000 Each Year"**

**100% Return on
a \$25,000 Investment**

**Annual Gain, \$6583
Investment, \$6632**

**Investment, \$1565
Annual Return, 121 Per Cent**

**The Right Equipment
Saves \$4100 Each Year
But It Cost Only \$2100**

CAN YOU MAKE 108% ON YOUR INVESTMENTS IN ANY OTHER WAY?

THESE headlines summarize twelve case studies of investments in electric equipment which averaged a 108% return the FIRST year of operation. They illustrate how General Electric has helped other manufacturers make their production more profitable.

May we suggest that *you start today* a review of your manufacturing problems? You may find their solution in the proper utilization of the *latest* electric equipment.

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Examples of Benefits Obtained from the Correct Use of the Right Electric Equipment

GENERAL  ELECTRIC

BUSINESS WEEK

February 10, 1940

THE BUSINESS OUTLOOK

Acceleration of drop in steel rate is measure of current downturn in general business. But this was to be expected and favorable change in lumber suggests that stabilization is going on under cover of decline.

THIS WEEK was a repetition of last week, only more so. The decline in business activity continued to gather momentum. Steel operations recorded their sharpest non-holiday drop since the tail-end of 1937—down 5.6 points to 71.7% of capacity. A further slump in the price of copper threatened curtailment of mining. Automobile output, which had been steadily rising against the trend ever since the Chrysler strike, also joined the procession of the "turndowns." And the business news over the coming weeks is more apt to get worse than better—so it's well to be prepared for it.

Steel operations probably have some distance to go before equilibrium between production and consumption is attained. Currently, output is still running ahead of incoming orders. And it is not unlikely that the steel rate—as usually happens—will go to an extreme on the descent. The momentum of decline will carry production under the consumption rate. Right now, it appears that steel operations might logically stabilize around 60% of capacity before a recovery takes place. But it should be no great surprise if the rate goes below that level for a few weeks.

That "Detroit Situation"

The accelerating drop in the steel rate comes at a time least calculated to make the steel people happy; nor is it especially conducive to a firm general price structure. Soon automobile manufacturers will be in the market for substantial tonnages of sheets and strips, preparatory to advances in assemblies in March. But with steel capacity being made increasingly available by the decline in production, the auto makers are in a strategic bargaining position. And one of those "Detroit situations" is arising again.

The sale of iron ore by United States Steel Corp. to Ford at a reduced price hasn't helped matters. There's probably a double-edge to this deal. U. S. Steel never has got much of Ford's finished steel business and may hope to get some orders out of this transaction. But that is not likely to sit too well with General Motors and Chrysler purchasing agents, who may contend that if Ford gets a concession on iron ore they ought to get some reduction in the finished steel price.

Actually, the concession on iron ore has been considerably exaggerated in the press, but that won't prevent auto makers from applying the pressure. With steel capacity "available," some steel company may "crack," and prices will break.

Psychology of a Price Cut

A break in steel prices would emphasize the growing uneasiness about the general commodity price level. Nonferrous metals have been acutely weak of late, grains and cottons are down materially from their highs, and the general average of prices has barely held stable after a sharp one-month decline throughout January. Moreover, if steel manufacturers shade quotations for the auto-makers at this time, it would have a strong psychological effect.

Right now, most purchasing agents are operating on the principle that it's well to be comfortably fixed with inventories. In the back-ground, the war is their incentive. Shipping may be interrupted, prices might suddenly spurt for some incalculable war reason. So they want to be protected ahead. But if steel prices are cut, then this attitude may change.

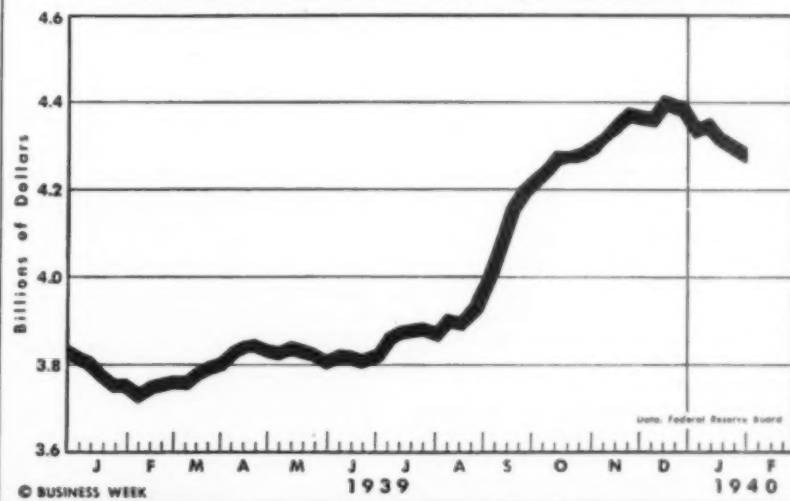
Letting Inventories Run Off

Instead of buying supplies to meet current needs, industry may follow the practice of letting inventories run off. Which would mean that incoming new orders would be less than the going rate of consumption and would tend to decline even faster than they have.

However, not all factors in the immediate business prospect are unanimous. Westinghouse Electric & Manufacturing Co. notes that orders in January recovered sharply from the sharp letdown of December, and were at the highest level for any month since April, 1937. This is due, of course, to a special demand from the electric utilities and to orders

IN THE OUTLOOK—LOANS TO BUSINESS

(Commercial, industrial, and agricultural loans of reporting member banks in 101 cities)



The bank loans business men make are frequently a pretty good index of how they feel and what they are doing. Note how in September commercial, industrial, and agricultural loans spurted sharply. Business men were building up inventories on the

war news. Stock-building apparently reached a peak in December, and now loans are declining. But, seasonally, there ought to be a pickup soon in anticipation of a usual rise in business during the spring—and that's something to watch.

for general merchandise after the recent refrigerator price cuts (page 37).

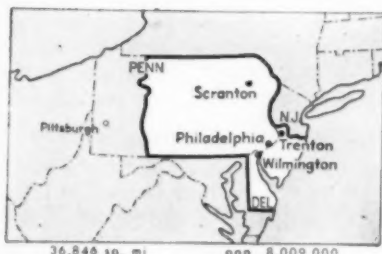
But lumber offers an interesting sidelight on the decline. For the last five weeks orders have run ahead of both production and shipments. This marks an essential—and perhaps significant—reversal. For after the first burst of war buying had spent itself, lumber produc-

tion and shipments topped orders by a wide margin. Now the industry is building up backlogs, and this carries the suggestion that the decline in lumber production may have been arrested and that operations may be stabilizing around current levels.

But of course the general decline still has further to go. And just as a guide

line or marker, it might be desirable to consider 105 in the BUSINESS WEEK Index (now around 118) as a resistance level to keep one's eyes on. At first blush 105 seems low; but it is a level at which industry can make reasonably good profits. For all of 1939—indubitably a good year—the index averaged not much more, 107.

The Regional Business Outlook



PHILADELPHIA—Just as they led the swift upturn in business when the war orders started coming in, so now the capital goods industries are in the lead on the reaction. The steel rate has dropped sharply; activity in shipbuilding has slackened; non-ferrous metal fabrication and electrical equipment manufacture has begun to slip; and production of castings for freight car builders has tapered off.

As backlogs are down, the decline in business probably will gain momentum over the next few months, with steel centers—Allentown-Bethlehem, Erie, and Johnstown—most severely hit.

Textiles and Shoes

In some of the consumer goods lines, activity has stepped up unusually early. But because Easter falls in March, manufacturers are hard put to say whether this increase is more than a premature seasonal spurt. Moreover, trends are mixed. Production of synthetic textiles—rayon and nylon, especially—has been expanding in Delaware and southeastern Pennsylvania, but hosiery and shoe manufacturers are not moving their stocks as they hoped. Consumers, apparently, are resisting recent price advances (*BW—Feb 3 '40, p. 14*).

Anthracite operations were curtailed sharply this week because the cold snap came to an end. Right now anthracite mining is a week-to-week affair, governed by the weather. The voluntary control plan entered into by major producers to stabilize output and prices (*BW—Feb 3 '40, p. 18*) will be of long-term economic benefit to this area—if it works out—by eliminating some of the sharp fluctuations in operations.



CHICAGO—The business recession is under way here. This week the district's steel rate dropped almost 10 points and is now some 25% below the November peak. Furthermore, automobile production, counted on so heavily to bolster employment and payrolls during the first quarter, has begun to slide.

Last week seasonally adjusted indexes of auto output declined for the first time in 15 weeks. Dealers' stocks have risen, and from now on, any step-up in production will depend primarily on deliveries at retail; steel operations in this area can be expected to reflect shifts in auto schedules, as a matter of course.

Despite this drop in durable goods production, business here is not going to pot. In and about Chicago are substantial consumer goods industries which are exerting a stabilizing influence. Unusually large receipts of hogs at the stockyards means that district packing houses will provide more employment than in many years past. Moreover, as in New York, the March Easter has resulted in an earlier-than-usual expansion in the extensive clothing industries.

Weather Hits Sales

Retail trade took a tumble of 5% (seasonally adjusted) last month—undoubtedly due to unusually bad shopping weather throughout the area, for payrolls did not change substantially from the high levels of December. Current agricultural income trends are mixed. Wisconsin dairymen are benefiting from higher butter and cheese prices, but Iowa farmers are anything but happy over the \$5.50 per cwt. quotation for swine.



SAN FRANCISCO—So far, repercussions from the general business decline have not been severe in this area. Chief impact has been on Northwest lumbering, which is down from its war-induced high (*BW—Dec 9 '39, p. 14*); but orders have begun to pick up, suggesting that operations may shortly stabilize. Copper miners and smelters in the Rocky Mountain region are working at high year-end levels; however, unless prices firm, curtailment is inevitable next month.

Canning in Good Shape

On the other hand, the canning industry is doing unusually well. Exports have mounted, and prices are higher and inventories lower. Operations will not be in full swing until late spring, but returns to district growers of fruits and vegetables will come in before then; income prospects are good. The price rise resulting from damage to Texas and Florida citrus and vegetable crops will put money in local farmers' pockets—for this region was not one of the frost pockets.

Aviation is assuming an increasing economic importance. Five major companies in southern California now employ 25,000 persons, two and one-half times as many as a year ago—a direct effect of the war. But the war has hit the motion picture industry. Film royalties from abroad are down, and contracts for showings abroad are expiring. Producers now fear that another decrease will ensue.

Merchandising is likely to be more stable than district business for the next few months. Retail sales have lagged behind income (*BW—Jan 13 '40, p. 14*); this implies that a reservoir of buying power has been built up.

The Regional Outlook surveys each week three of the twelve business areas of the country.

House Passes Buck on Farm Cuts

Expects Senate to restore slashes after economy tax has fallen on army, navy, and other bills. Wallace has an alternate plan up his sleeve.

WASHINGTON (Business Week Bureau)—Congress would have you know, always, that it's the friend of the farmer. But with economy the magic word of the day, the lawmakers have currently put on an it-hurts-us-as-much-as-you attitude, and have cut farm appropriations just as they propose to cut army, navy, and other outlays. Roosevelt doesn't like it, for he knows, as everyone else does, that when Congress gets through trimming all along the line, it will then take the savings and hand them back to the farmer. Chances are that the Department of Agriculture bill which passed the House Feb. 3 won't be brought up on the Senate floor until after the shorn army, navy, and other bills have been sent on their way.

Congressmen now masquerading in "the righteous robes of economy" and the sincere economizers led by Rep. Woodrum joined in lopping \$67,000,000 net from the \$789,000,000 budget estimate for the D. of A. But most House members are confident that the Senate will restore the cuts made in the House and probably add something besides. If they had not relied on this, many representatives would have voted against the cuts.

House members, all of whom must face

election this year, feel that the Senate, only a third of whose membership must face the polls, can boost the farm appropriations without serious results. This will give the House members a record of economy while saving them from the wrath of farm constituents. Then, too, they can always slip farm relief items in the deficiency bills late in the session if the Senate should fall down on them.

Just Playing Politics

Good example of the political flim-flamming on the part of many House members was elimination of \$72,000,000 to finance the food stamp plan and other devices of the Federal Surplus Commodities Corp. Extremely popular among House members, the food-stamp item was stricken only after Rep. Cannon, in charge of the bill, and House leaders privately told members that this appropriation would be restored by the Senate.

Another prize example of politicking was provided when House strategists forestalled a vote on the proposed \$225,000,000 appropriation for parity payments by private maneuvering. Backers of the amendment were told in effect:

"Don't make the House vote on this

It Isn't a Reduction Yet

GOVERNMENT'S contribution to agriculture, always hard to pare, is doubly hard to reduce in an election year. Last year the "economy bloc" in the House cut the Department of Agriculture's budget to about \$925,000,000 and then yielded docilely when the Senate sent back a bill totaling \$1,380,000,000 not counting \$150,000,000 outside the regular department appropriation.

In the light of last year's action, reduction of the President's estimate of \$789,000,000 for agriculture to \$722,000,000 by the House is robbed of real significance. The \$225,000,000 for parity payments will be agreed to later just as it was last year, and \$70,000,000 to \$90,000,000 will be appropriated for food stamps and other surplus removal plans. Those two items alone would bring the D. of A. above \$1,017,000,000.

Then, outside the budget, there would be the customary hundred million or more for Farm Security Administration, not to mention probable deficiency bills for losses on crop storage and wheat insurance. And nothing has been allotted for possible export subsidies.

now. The amendment might fail. If the House doesn't go on record now, its conferees can act with a free hand if the Senate adds the parity fund." The inference is that the House conferees can accept the Senate amendment and that it will never come to a direct House vote.

The appropriation designed to give farmers about 75% of so-called parity prices for wheat, cotton, corn, and rice is favored by Roosevelt, but was not included in the budget because, he explained, Congress should decide the issue and then provide sufficient tax revenues. In the past Congress has ducked that responsibility and is practically certain to do so again, unless the President openly comes to the support of Wallace's "certificate" plan, which then might have a chance of adoption though it is a remodeled version of the processing tax.

Secretary Wallace will press for restoration of full appropriations in the Senate. He has an alternate plan, however, which he is quietly urging upon the Senate Appropriations Committee.

Under the present law 30% of all customs receipts are turned over to the FSCC. Totaling \$92,000,000 this year, this fund, with other appropriations, was used to finance export of wheat and cotton, and the food stamp plan. Wallace has suggested that the percentage turned over to his department be boosted to 90%, which would give him about \$300,000,000 without an appropriation.



Last week, the blue and orange food stamps, which make it possible for relievers to buy \$1.50 of food for \$1, made their debut in Los Angeles, biggest of the forty markets in which they have thus far been on sale. Last week too, the House eliminated from

next year's Department of Agriculture appropriation all funds for operation of the stamp plan—though the Senate is expected to restore them. Meanwhile, plans for issuing cotton stamps (page 17) are going blithely ahead.



The Joads are riding again—in the movie made from John Steinbeck's novel—but this time California is ready with facts and figures to prove

that she's not to blame for their plight—nor any longer able to give them relief or wages higher than the United States average.

The Okies—A National Problem

As the "Grapes of Wrath" movie stirs new furore, California prepares to ask federal government to assume responsibility for the growing flood of migrants.

WITH THOUSANDS of movie projectors grinding out the "Grapes of Wrath," carrying the story of the trials and tribulations of the Okies to vast numbers who never read the book, tempers in the Golden State are growing short. Californians contend that Author John Steinbeck committed a gross libel in indicting their state for its treatment of migratory

agricultural workers, and they realize that it will be vastly extended by the movie version.

Out of the inevitable furore, Californians hope for one happy conclusion—the emergence of a widespread consciousness that the emigration of workers, principally from the Dustbowl, is not a state but a national problem. To but-

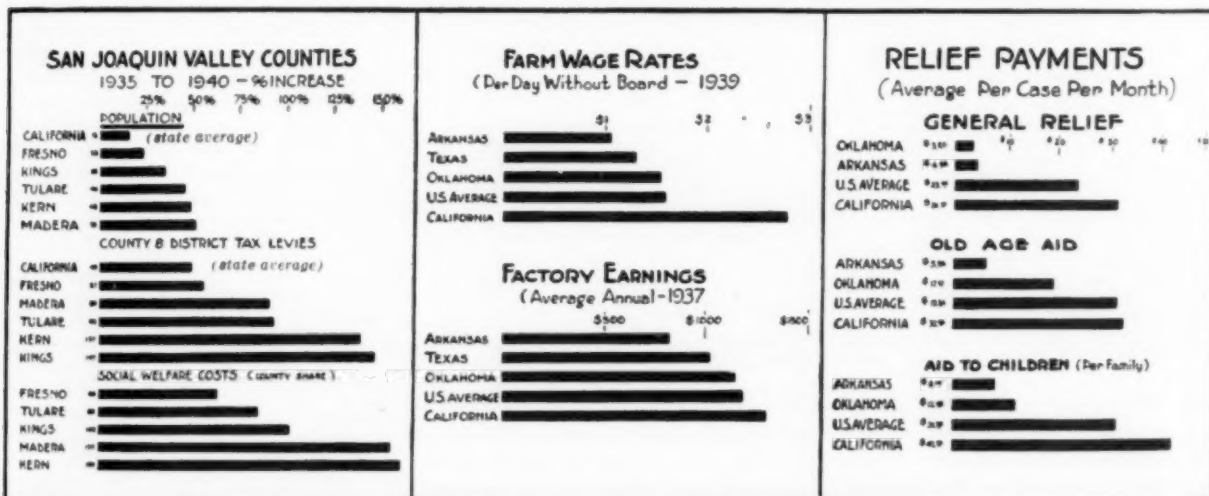
tress this conclusion state leaders are busy accumulating facts and figures, showing that the problem has grown—and continues to grow—beyond the ability of a state to cope with it.

Surveys completed by the California Chamber of Commerce this week show the influx in the last half of 1939 ran well above corresponding months of 1938. Between 6,000 and 7,000 unemployed farm hands have crossed the state line monthly since October, although employment needs in the valley's cotton fields, vineyards, and orchards have fallen since 1937. (Seasonal labor required for California crops varies from 48,000 in March to 145,000 in September.)

Dam-Building Draws Job-Hunters

The number of migrants absorbed by San Joaquin Valley counties has increased the tilled acreage so far beyond present irrigation facilities that a resulting water deficiency has caused abandonment of 50,000 acres and now threatens 200,000 acres. This isn't a long-time problem, however, as adequate water is in sight within the next three years from the \$170,000,000 Central Valley Water Project (BW—Nov 18 '39, p. 29). Incidentally, construction of Friant Dam, near Fresno, promises 2,000 temporary jobs, but indications are that several thousand new migrants already are striking out for California to get them.

Threats of a trek to the Golden State by Southern Negro cotton pickers, who have lost their jobs to machines, further alarm Californians, already horrified at mounting state and county expenditures for relief, housing, and health facilities. That's why the demand for federal action is being pushed. Chambers of commerce, business associations, and civic groups, during the next few weeks, will urge the President to appoint a special commission to study and deal

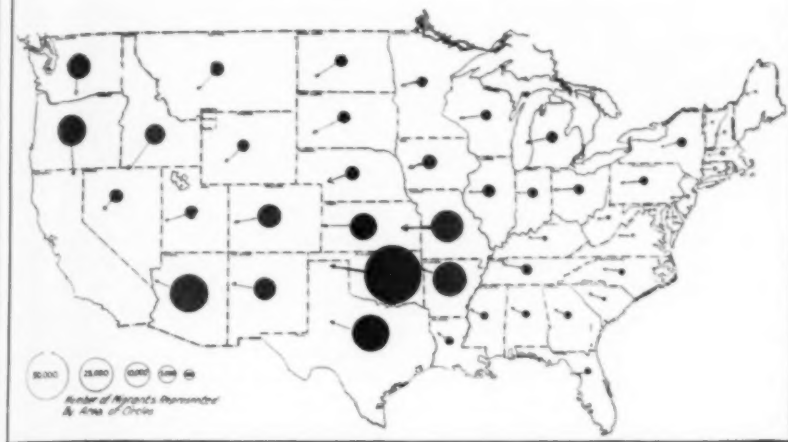


These three charts, together with the one opposite on the sources of migratory labor, were prepared by the California Chamber of Commerce as the principal ex-

hibits in the state's appeal to the federal government to take the migratory labor problem off California's hands and make it national.

SOURCES OF MIGRANTS

ENTERING CALIFORNIA BY MOTOR VEHICLE, BY STATES
FROM JULY 1, 1935 TO DECEMBER 31, 1938 —



with "the national problem of interstate migration." Specifically, they want the migration stopped at its source.

Wages higher than the United States average, together with generous state, federal and county relief, have brought some 400,000 unemployed persons into the Golden State since 1935 and more than 300,000 have remained. The peak was in 1937 when 105,000 came looking for jobs. In 1938, the total fell to 85,000. Last year it was 63,000, but the rate of increase recorded since July indicates that the 1940 figure may exceed that for 1938.

About 41% of the Dustbowlers are coming from Oklahoma; 15% from Texas. Recent surveys by the Farm Security Administration show 47% come hoping for a job, 10% on promise of employment, 1% looking for a farm, 6% seeking aid and 33% for health and other personal reasons (like joining relatives). Easy and cheap transportation by automobile expedites the mass flight.

Californians are particularly disturbed because reports from investigators sent into the Dustbowl areas indicate the trend toward large-scale, mechanized farming is gaining there; that increasing displacement of workers is to be expected even if rains terminate the drought. That means more migrants, they believe.

No Invitation, Growers Stress

Present reaction to the national hullabaloo over the plight of the Okies is the adoption of a more hardboiled attitude by the farmers. "We didn't invite the migrants and because we try to spread the work thin, we're pictured as exploiters," they complain. (Incidentally, most migrants willing to work have found some employment if only for a short time. Even among those on Farm

Security relief last year, it is stated that 66% had found six months or more of work.)

Well aware that the farmers are getting hot under the collar as provocation and criticism multiply, leaders of the drive for federal assistance are counseling restraint. They are afraid their plans will be upset if farmers try to take things in their own hands and resort to practices out of which the Steinbecks can make dramatic capital.

The farmers believe the chief reason for the influx is the relief system which pays increased dole to Dustbowlers when they reach California. Relief cases average \$3.50 a month in Oklahoma, \$4.68 in Arkansas, \$31.10 in California, while the U. S. average is \$23.45. Federal authorities, working through the FSA, carry the burden during the first year of the migrants' stay. After a family has been in the state a year, it becomes entitled to state relief. After three years, it becomes a county charge.

Midwest Towns Accused

The farmers are sore at "in-between" communities which keep traffic moving westward by denying indigents local relief except free gasoline and oil where-with to continue toward the Pacific. They charge that midwest towns have built up California as the promised land in order to get families off their own relief roles.

Growers get high blood pressure at the suggestion that they lured the migrants by newspaper advertising and handbills promising well-paid jobs, and repeated investigations have failed to find evidence of any such tactics. Even the La Follette Civil Liberties Committee in last month's West Coast hearings (*BW—Jan 13 '40, p. 38*) didn't unearth any such evidence, although it did learn that Arizona cotton growers advertised

extensively in Oklahoma, Texas, and Arkansas during 1937.

San Joaquin Valley farmers will get even higher blood pressure when they learn the results of a survey by the State Chamber of Commerce showing what the Dustbowl influx has cost the eight counties in tax increases during the last five years. Figures are summarized in the accompanying charts.

California business is pinning great hopes on a study of the immediate and long-range problems created by the migrants, now being made by the State Chamber's migrant committee of 31, representing leaders in agriculture, industry, finance, the state's major universities, and various state departments.

Chairman is Harrison S. Robinson, of Oakland. Actual surveys are headed by Paul Eiel, head of the Industrial Relations School at Stanford University. Objective is to report the facts and recommend immediate and long-term solutions (if there are any).

Cotton Stamps Next

New plan patterned after food program, but it will cost \$250 to move equivalent of a bale.

WASHINGTON (*Business Week Bureau*)—A stamp plan for distributing cotton goods to relief families through commercial channels, similar to the food stamp plan inaugurated last year, is ready for experimental operation. The first city will be selected in ten days or two weeks from those in which the food stamp plan is now operating.

Relief families will get \$2 in trade for every \$1 spent, whereas the ratio in food is \$1.50 to \$1. The reason, according to Federal Surplus Commodity Corp. officials, is that the living standards of relief families is much lower in terms of cotton than in food. The object is to bring the consumption of cotton goods by families with incomes of \$500 or less up to consumption by families with incomes of \$500 to \$1,000. A check of 300,000 families indicates that a less-than-\$500 family of four spends \$17.90 a year for cotton goods and a family in the \$500-\$1,000 bracket \$27.37. Sponsors hope that sales promotion incident to the subsidy increase sales of cotton goods generally.

A Job-Creating Scheme

To finance the stamp plan, FSCC will draw on a \$13,000,000 appropriation by Congress for the current year to promote domestic cotton consumption. The stamp plan will not, however, increase the consumption of cotton significantly as no more than 20¢ of \$1 spent for cotton goods goes for cotton and it amounts to that much only in lower grades of goods. At that rate, it will cost the government \$250 to move a single bale.

As applied to cotton, the stamp plan

does have an employment-creating feature not present in the food stamp plan because 50¢ of every dollar is spent in processing the cotton. The remaining 30¢ is absorbed in transportation, distribution, and other costs and margins.

The plan provides for the purchase of stamps at three-month intervals. A one- or two-person family may buy, as a minimum, a \$4 book of stamps for \$2 or, as a maximum, a \$6 book for \$3. For three- and four-person families the minimum will be \$8-\$6 and the maximum \$5-\$10; and for five-person and larger families the minimum will be \$4-\$8 and the maximum \$6-\$12.

The purchased stamps will be brown and the free stamps green. Both will be in denominations of 25¢, and the free stamps will be good for any domestic cotton goods, garments, or articles made entirely from domestic cotton which are sold in retail drygoods stores for human or household use. Bindings, buttons, and trimmings will not be considered in determining whether such goods are made entirely of cotton.

Trade Groups Help Work It Out

Whether the cotton stamp plan will be extended on a national scale will depend on experimental results. The plan has been worked out with the cooperation of trade groups, notably the National Retail Dry Goods Association and the Institute of Distribution. It has been indorsed by the Cotton Consumption Council, which includes state commissioners of agriculture in the South, cotton growers, cotton manufacturers, and many organized retail distribution groups.

Tryouts for the cotton stamps will be made in a limited number of cities of 50,000 and over, according to present plans. The food stamp plan on which the program for cotton goods is patterned is now in operation or scheduled to start soon in more than 40 areas throughout the United States.

Railroad Will Have Auto Waiting

Drive-yourself car will be at station, if you want it, in any one of 150 cities reached by 11 major lines collaborating in arrangement.

AFTER MAY 1, 1940, a railroad passenger can without any cost arrange with any ticket agency in the United States, to have a drive-yourself car waiting beside the station when he gets off the train at Ottumwa, Amarillo, or any one of 150 major cities in 30 states. Ticket agents have already been trained in the workings of the plan, which actually will be operating long before May 1 in southern and far western vacation districts.

Using the slogan, "To your destination by train, at your destination an auto," the first advertising announcements of the Train-Auto Service Plan will appear within ten days in national magazines over the signatures of 11 railroads. The roads collaborating in the Train-Auto Plan and paying for the advertising on a per-town pro-rata deal are: Chicago, Burlington & Quincy; Chicago & Eastern Illinois; Chicago, Milwaukee, St. Paul & Pacific; Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Great Northern; Illinois Central; Northern Pacific; Rock Island; Santa Fe, and Union Pacific.

For the West and South

Basic territory of the plan is everything west of Chicago, St. Louis, and the Mississippi River, all the way to the Gulf. But because a couple of the roads stray a little east of this line, 17 cities outside the territory get in, including Birmingham, Louisville, and Jackson, Tenn.

The deal has been brewing for several months (*BW—Jun 10, '39, p. 20*) and makes its official bow in practically the same shape in which it was pre-glimpsed by an unofficial leak last summer. Railway Extension, Inc., headed by Edward M. O'Shea and R. H. Rogers, long-time Ford distributors at Lincoln, Neb., is the central organization. It is franchising Ford, Chevrolet, and Plymouth dealers in the selected cities. The dealer agrees to provide adequate supplies of his new-model, stock, five-passenger, four-door sedans with trunks. Up to 30,000 cars have been estimated as the immediate need.

5% Switch Means \$75,000,000

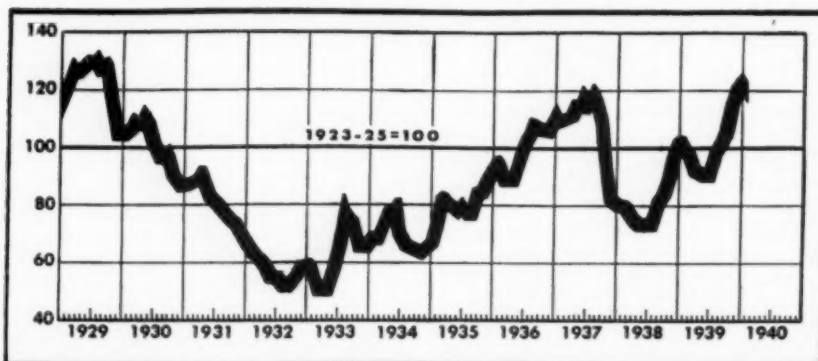
The railroads are taking no compensation, are providing free space and telephone calls for the local agents. In major railroad centers such as Chicago, Fort Worth, and Minneapolis, there will be an agent's booth in every station in town. The roads' sole expectation of profit is in taking from private automobiles to the rails enough traffic to make it pay. Their hopes are based on surveys made by several state highway departments, notably Nebraska's. They interpret these to indicate that, if the rails can get 5% of all who now make private automobile trips of 200 miles or more, their revenues—at an average of only \$10 per passenger—will increase by \$75,000,000.

Main reason why the roads expect a big increase, explains Hugh W. Siddall, chairman of the Trans-Continental-Western Passenger Associations, is because so many people who drive on business and vacation trips say, "I don't like the drive, but I need a car when I get there." The promotion figures also point out that anybody can save money on practically any trip by taking the train to the nearest town, then renting a car.

Railway Extension's rates are 8¢ a mile with a requirement of 10 miles per hour, 75 miles per 12-hour day, or 350 miles per week. The rate falls to 6½¢ subject to a minimum of 1,000 miles a week, which means that any week's use between 833 miles and 1,000 miles will cost \$65. There are no extra charges of any kind; gas and oil and running repairs are included in the per-mile rate.

Insurance includes full coverage for fire and theft, \$5,000 and \$10,000 public liability, \$5,000 property damage,

Monthly Index Off 2% in January



BUSINESS WEEK's Monthly Index of Business Activity for January was 123.0, as compared with 125.5 in December, and 104.0 in January, 1939.

This decline in the index followed seven consecutive months of gain, during which period the index advanced 35% from last May's low.

"Unforeseen events... need not change and shape the course of man's affairs"



AND IT GREW, AND GREW, AND...

Why bond employees? Well, a dislodged bit of snow grows as it gains momentum . . . with terrific speed it becomes a giant, beyond control. Likewise, the trifle "borrowed" today can wreck the firm tomorrow.

Fidelity bonding does two things. It gives protection against losses sustained when a trusted employe has made the downhill plunge. More important, the Maryland's investigation preliminary to issuing the bond may uncover weak spots, such as lax accounting methods. By correct-

ing these, heavy losses may be avoided by discouraging the first small violation of trust.

Your Maryland agent, or your broker, is a good man to see *right now*, if your firm, and the welfare of all your employes, is not protected against loss by unforeseen events. His advice, based on specialized training and many years of experience, costs you nothing . . . if acted on you may find it priceless. Why not call him in, today? Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.



Improvised tank trucks fill up regularly at municipal water reservoirs in Topeka, Kansas. Though most of the trucks belong to the farmers, this trucker has succeeded in building up a regular water route among farmers near the city; he charges \$1.50 for a 600 gallon load.

When snow fell in Topeka last month, instead of being consigned to the city dump, snow cleared from the streets was in great demand for lawns. City parks and the state capitol lawn (above) were supplied first of all; and then hundreds of loads went to private homes.

\$100-deductible collision. If the renter wants more insurance, he can buy it on the agency's rates. The blanket policy has already been written by the Hartford Fire Insurance Co. and its subsidiary Hartford Accident Indemnity Co.

Passengers can get identification cards by satisfying Railway Extension, Inc., of financial responsibility. Some 12,000 large firms are already being urged by direct mail to obtain cards for all of their travelling employees. Without a card, the renter must deposit \$20 before he gets the car.

Also hustling to get in under the May 1 wire is a still unannounced rent-a-car plan of the railroads of the Central and Trunk Line Passenger Associ-

ations, everything east of Chicago and St. Louis and north of the Ohio and the Potomac, except New England. Their set-up is entirely distinct from the Train-Auto Plan. It is being worked out with American Drive-Urself Assn., of which the backbone is the Hertz chain.

The eastern railroads are reported as leaving the advertising up to the rental agents; cars will be rentable only in cities where outlets already exist; there will be no telegraph reservations unless the agency at destination has signified its willingness to pay for wires. And it is presumed that the passenger will have to go to the agency to get his car, instead of picking it up at the station as under the Train-Auto Plan.



Drought in the Middle West brings changes in wash-day habits on many farms. Some farm women are using commercial laundries for the first time now; others are turning to the self-service laundries which are springing up through the Middle West. These laundries (above) are usually store buildings fitted out with washers, drain tubs, soap and hot water. Farm women can do the family washing here for 40-50¢.

Cold and Still Dry

Winter wheat gets scant benefit from snow. Plight of Midwest cattlemen more acute.

How LONG IS A DROUGHT?

Wheat farmers of the Middle West were still wondering last week, even though their fields were covered with snow. As an insulating agent, the snow had done a splendid job, protecting winter wheat from the killing cold. But so long as the mercury remained in the sub-freezing brackets, no moisture filtered through the parched earth to the grain. Much moisture was lost by evaporation.

A thaw came, finally, but the good it has done remains to be determined. Crop forecasters who hailed December snow in the region as a billion-dollar blessing have had to revise their estimates down—and then down some more. Today, not one of the forecasters is giving better than a 50% crop to the winter wheat belt that spreads across Kansas, Nebraska, Oklahoma, and Texas.

Ignoring Experts' Advice

After the December snow, hundreds or even thousands of growers rushed their tractors into the fields to seed wheat which they had been unable to plant in the regular fall season. They did this against the advice of state and federal crop authorities. Old timers recalled, or thought they recalled, that a big crop did come through—once upon a time—that was planted on New Year's day. The usual deadline for sowing winter wheat is Dec. 1, and Federal Crop Insurance representatives are refusing to insure the late plantings. Dr. John Parker, director of the Kansas Wheat Improvement Association, says that a crop planted in late December snow has only one chance in 50 of reaching maturity.

Expecting an unprecedented but ill-

SERVICE WITH A STYLE



FORD COMMERCIAL CAR FEATURES FOR 1940

Choice of two V-8 engines — 85 and 60
hp ★ Five body types — Stake, Plat-
form, Pick-Up, Panel, Sedan Delivery
★ Semi-centrifugal clutch ★ Sealed-
Beam Headlamps ★ Full torque-tube
and radius-rod drive ★ $\frac{3}{4}$ -floating
rear axle ★ Straddle-mounted driv-
ing pinion ★ Worm and roller steering
★ Big, 12-inch hydraulic brakes ★
Four double-acting, hydraulic shock
absorbers ★ Ford Engine and Parts
Exchange Plan.

A TOUCH of elegance—properly applied to your delivery units—can do worlds toward building the prestige of your business. This is the kind of smart styling embodied in the Ford V-8 Commercial Car for 1940. A trimness of line that reflects the modern spirit of service.

Modern in appearance, *modern in economy!* Look at the outstanding advantages of the Ford V-8 Commercial Car. V-type, eight-cylinder engines, for example. Your choice of either 85 or 60 hp — “85” for unusual performance combined with economy, “60” for low gasoline consumption. No other commercial car on the market offers the smooth

and steady power of a V-8 engine.

There are a number of important improvements in the Ford V-8 Commercial Car this year, plus a host of time-tested, time-proved Ford features. Add them together and you have “the outstanding commercial car for the money.” See these units at your Ford dealer's. Study them feature by feature. Compare them with any other commercial car on the market, regardless of its price. Arrange for an actual “on-the-job” test and *know the difference before you spend another commercial car dollar.*

• Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses.

FORD V-8 TRUCKS

AND COMMERCIAL CARS

10 YRS...

no upkeep cost

USE 'INCOR' 24-HOUR CEMENT FOR DEPENDABLE EARLY STRENGTH AND LONG-TIME DURABILITY

THERE'S a two-way advantage in using 'Incor' 24-Hour Cement: (1) dependable high-early strength; (2) proven long-time durability.

Which means a two-way money saving: (1) in time and form costs, and reduced cold-weather heat-protection expense at the outset; (2) money also saved through extra years of expense-free service.

Busy industrial driveway to Central Cold Storage Company, Clark Street, Chicago, was rebuilt with 'Incor' in June, 1929. Contractor completed the job in 2 weeks instead of 9. And today, after 10 years' hard service, concrete is in first-class condition—no upkeep expense.

Use 'Incor'* where 24-hour service strength and faster job

curing show a profit; elsewhere, use Lone Star, the Portland cement quality standard ever since 1900. Write for copy of "Cutting Concrete Costs." Lone Star Cement Corporation, Room 2206, 342 Madison Avenue, New York. *Reg. U. S. Pat. Off.



Sales Offices: ALBANY, BIRMINGHAM, BOSTON, CHICAGO, DALLAS, HOUSTON, INDIANAPOLIS, JACKSON, MISS., KANSAS CITY, NEW ORLEANS, NEW YORK, NORFOLK, PHILADELPHIA, ST. LOUIS, WASHINGTON, D.C.

LONE STAR CEMENT CORPORATION
MAKERS OF LONE STAR CEMENT... 'INCOR' 24-HOUR CEMENT



Engineers in the water resources division of Kansas' Department of Agriculture keep busy checking plans for farm ponds, now that Kansas has a law permitting tax exemptions in proportion to the size of these ponds.

advised sowing of soft spring wheat. Dr. Parker and his associates are planning to import a variety of Canadian spring wheat named Reward. They regard it as the best bet for those Kansas growers who insist on raising a crop that properly belongs to northern states. To jog the memories of farmers who, since the fabulous wheat prices of 1917-18, have forgotten that there are other crops, the Kansas Department of Agriculture is hailing grain sorghums as crop insurance, with oats and barley as near favorites.

Stockmen, who have been hauling water for their cattle since last fall, shared the plight of the grain farmers during the cold spell. With all small streams frozen solid, the water shortage became more acute than ever. Municipal supplies of many small towns failed, and in some instances oil tank-trucks were pressed into service to haul water from other localities.

Emergency Units Boosted

Row-crop farmers in the drought-afflicted states are taking far more interest in emergency irrigation systems than when the first makeshift pumping plants were being tried out during the early years of the drought cycle—if it is a cycle. This year—due to sales promotion by several manufacturers of farm equipment (Sears is selling complete irrigation systems, installed, through its retail stores)—sales of pumping plants will probably hit an all-time high in Kansas.

Much of the current interest in emergency irrigation systems is the result of a model irrigation plant installed in 1933 by the Topeka Chamber of Commerce as an outright gift on a nearby 40-acre farm. The only string attached was an agreement that the farmer would keep an accurate account of his irrigation expenses, and of his receipts for produce

sold. Each season the system has justified its cost of operation; during at least two seasons entire crops have been saved. Thousands of farmers have visited the experimental system, taken notes, then returned home and constructed a pumping unit, powered more than likely, by the farm tractor.

West Bids for Bata

Several Nebraska towns are offering free land to refugee Czech shoe industry.

WASHINGTON (Business Week Bureau)—Inducements to Jan Bata, head of Czechoslovakia's refugee industry, to locate a shoe plant in Nebraska are being made by the Loup River Public Power District. Several Nebraska towns have offered Bata free land. Bata claims an investment to date of \$2,000,000 in his plant at Belcamp, Md. (BW—Jan 6 '40, p18). He has not revealed what his intentions are with respect to expansion in this country, but is obviously courting support to overcome the powerful opposition of shoe workers' unions, both C.I.O. and A.F.L., and of the Congressional delegation from New England, where United States shoe manufacturing is concentrated.

Following a speech by Rep. Stefan of Nebraska, an American of Czech descent, on the House floor Jan. 30, the Immigration Service did another back somersault. It seems that 25 Czech workers out of 78 who have entered under a one-year permit granted June 9, 1939, will be permitted to remain in Bata's employ. A ruling of Dec. 28 revoking the original entry permit would have allowed only 10 of the immigrant workers to stay.

The additional 15 have been classified as performing professional or managerial functions. The Bata company's attorneys have announced that they will ask for hearings on the ruling. Rep. Stefan demanded that the action of Commissioner Houghteling in revoking the original permit be rescinded and that some of the Czech nationals be allowed to go to Nebraska as instructors providing Bata opens a branch factory there.

Nine States Add New Taxes

ONLY NINE states and the District of Columbia added new taxes in 1939.

Adoption of the tobacco tax by Massachusetts, New Hampshire, New York, Rhode Island, and Wisconsin brought to 26 the number of states directly taxing smokers. The use tax—supplementary to sales taxes by making levies on articles purchased outside the state for use within the state—was put into effect in New Mexico, North Carolina, North Dakota, and South Dakota. Of 23 states with sales taxes, 17 now have use taxes.

Hidden Enemies



A seemingly harmless wooden horse was responsible for the downfall of Troy. Likewise, unrecognized dangers in and about your premises may cause injuries to the public with resulting loss to you or your business.

Home-owners, merchants, landlords, tenants, manufacturers, contractors—all need the protection of public liability insurance against claims growing out of injuries occurring on their property or through their operations.

Your Standard Agent or Broker will help you plan a program of reliable protection against these and other hazards, such as: automobile accident, burglary, glass breakage, embezzlement and forgery. Consult him today.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies... Since 1884

Jack, the Giant Killer—Heir Apparent?

WASHINGTON (*Business Week Bureau*)—To introduce Bob Jackson as heir apparent to the White House would be embarrassing to the new Attorney General. As a lawyer, he might regard as a precedent the fact that no Attorney General ever has been President. But, as the New Deal's legal ace, he has demolished many precedents.

If Bob is headed into politics now, as some dopesters surmise, he will be a politician without a past. He has never held an elective office. President Roosevelt tried in 1938 to line him up for the New York governorship, but he didn't take with the political bosses—possibly because when Bob came to Washington as general counsel for the Bureau of Internal Revenue he won a reputation as "the most zealous tax collector Uncle Sam ever had." Jackson is a left-winger by conviction and has the talent of a demagogue, as witness the role he shared with Secretary Ickes in roasting in effigy "America's 60 Families." His eloquent hatred of entrenched wealth is matched, however, by his equally violent hatred of political corruption.

As Jack, the Giant Killer, Jackson needs no introduction to business men. The present antitrust drive dates back to 1937 when Jackson, as Assistant Attorney General in charge of antitrust enforcement, loosed a slam-bang attack against monopoly. He brought the pending suit against the Aluminum Co. of America. Never expecting to see the end of it in his lifetime, his real object was an overhauling of the whole antitrust law setup.

Backs Arnold's Big Drive

F. D. R. and Cummings backed Jackson's play, but the country had another recession on its hands. The argument that depression is the time to wallop monopoly because that's when big business picks off the struggling little fellow didn't click. Bob was promoted to use his talent as Solicitor General to help fit the Supreme Court with new glasses, the better to read the Constitution. He won 21 of 24 cases.

It was from Jackson that Thurman Arnold got a hand up into Jackson's old job in the antitrust division. Since then Arnold has carried on in an attempt to put the old antitrust law on its feet again or, failing that, to demonstrate that it needs a blood transfusion by Congress to defend the competitive system from its enemies in business and in the New Deal.

Arnold was going great guns till he

tackled the labor unions for conniving to restrain trade. Political wiseacres shook their heads, but Attorney General Murphy, a politician from the heels up, told Green of the A.F.L. and Lewis, too, if he was listening, that he wouldn't pull Arnold off. Then Murphy was promoted to the Supreme Court and Bob Jackson came back as Arnold's boss.

The political wiseacres shook their heads again. They recalled that as a



Robert Jackson now moved up into the job of United States Attorney General.

yearling lawyer Jackson had defended a group of street car strikers when they couldn't get another attorney. They prophesied that with John L. walking away from F. D. R., Jackson and Arnold would get their orders from the White House to lay off A.F.L. unions.

Jackson was nominated Jan. 4 and took office Jan. 18. Perhaps, if White House orders did go down the line, it was too late then to overtake the grand jury proceedings in which Joseph Patrick Ryan, his A.F.L. union, the International Longshoremen's Association, and a local of the A.F.L. teamsters union, were indicted Jan. 24 on a charge of conspiracy to violate the Sherman act.

But—if this indictment was in the works when Jackson moved into the Attorney General's office—antitrust pronouncements by Arnold have been ratified since that date. In a speech delivered Jan. 27 before the Amer-

ican Labor Club in New York, Arnold condemned as illegal the attempt of legitimately organized unions to destroy each other by jurisdictional strikes and other activities in the present A.F.L.-C.I.O. struggle.

"I believe," said Arnold, "that in stopping such civil wars we will have the support of organized labor in spite of the protests of a few labor leaders who wish, for reasons of personal power, to continue them."

It's true that Arnold described the benefits to labor of public prosecution of the Sherman act, as opposed to private prosecution through suits for treble damages, etc. But without Jackson's O.K., Arnold would not have demanded that labor organizations shoulder responsibilities which unions owe to consumers and industry, and refrain from activities which the Justice Department now is prosecuting as illegal (*BW—Jan 6 '40, p. 15*).

An Ominous Hint

Nor would Arnold have had the hardihood, if either F. D. R. or Jackson had ordered him to pipe down, to hint that he's just biding his time until he can lay by the heels Willie Bioff who, as head of the International Alliance of Theatrical Stage Employees, rules an important Hollywood industry.

"You cannot determine," Arnold said, "what is a reasonable use of organized power in the movies by reading a decision with respect to the steel industry. You cannot find the solution to the reasonable use of a labor organization from a case defining the reasonable use of a patent privilege. The Sherman act becomes clarified in each area by cases which decide concretely the reasonableness of practices in that particular area."

Arnold's address is at least circumstantial evidence that the White House is willing to see if resort to the antitrust law will help to bring labor's civil war to an end. Hardest hit now is the A.F.L., but the C.I.O. is aware of the peril to its own position.

But the unions know, too, that whatever the Administration's strategy may be, Congress can muss it up, and that's where they are busy now. Arnold must have money to go ahead. He got \$1,309,000 for this year. Next year's budget cut off \$100,000 (page 7). The excuse for prevailing on Congress to pinch Arnold's purse can never be economy, however. In a year, the antitrust division has collected \$2,400,000 in fines.

Too Much Gasoline

Stocks are climbing to unprecedented height because of fuel oil demand.

IT'S NOT OFTEN that byproducts threaten a crisis in the inventories of the money product. But that's what is happening to the petroleum industry today.

Of course, this problem of inventories is a hardy petroleum perennial, but this year production of fuel oils (residual and distillate) threatens to swell gasoline stocks to the unprecedented level of 100,000,000 barrels on March 31 next, when the heavy gasoline marketing season begins, against a desirable level of 80,000,000 barrels. Storage capacity for that gasoline is estimated to be only 95,500,000 barrels.

It's all a matter of supply and demand—and the weather.

Last summer, an increase in fuel oil demand, primarily in heating oils, naturally was anticipated. But stocks of these oils at the time were slightly below the previous year's level, due to the half month shutdown forced upon the industry in August (*BW—Aug 19'39, p.36*). And demand since spurred to lift residential heating oil consumption for the year up 17.1% above 1938, that for all distillates and residual fuels up 12.4% (see chart page 26).

More Oil Burners at Work

To account for this demand, oil men sadly shake their heads and point to several factors. By the end of 1939, there were 1,904,557 domestic oil burners in operation, according to an estimate by *Fueloil Journal*, an increase of 12.8% over the year before. And the oil burner industry, incidentally, turned in a highly satisfactory record last year, preliminary reports to *Fueloil Journal* showing total sales of 241,642 units against the previous peak of 224,850 in 1936. Here, then, was factor number one in the increased demand—a wider consuming market.

The increased industrial demand accompanying the upturn in business activity last fall was a second. Demand from industry for residual fuels—for heating, for marine vessels, for manufacturing and mining—raised consumption of those products 11.9% above 1938.

And Then There Was the Weather

But the final factor was the really unpredictable one, as always—the weather. It's never the absolute temperature that determines the consumption of heating oil; rather it is the departure from the comfort zone. The weather last year, while unseasonably mild, was still 7% colder through the first 11 months than it was in 1938.

The cold wave last month (*BW—Feb 3'40, p.17*) simply aggravated condi-



Are you bellhop or executive?

Just because you have a secretary and a big desk, don't be so sure that you are an executive. The real difference between a bellhop and an executive is that one spends all his time doing little things—the other keeps clear of them with an Ediphone.

Dates, memoranda, ideas, personal reminders, letters and instructions—they can make a bellhop out of the best executive.

The idea is to let the Ediphone take care of the irksome work. Instead of letting a thing mill around in your mind, just pick up the Ediphone receiver...speak your mind

...and forget it! You won't work so hard. And you'll get more done. Clear heads think faster!

P.S. Your secretary will be all in favor of the way the Ediphone frees her from shorthand and enables her to work without interruption. See the New Streamlined Ediphone—just out! Right now, telephone the Ediphone (your city) or write to Dept. B2, Thomas A. Edison, Inc., West Orange, N. J. In Canada, Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.



SAY IT TO THE

Ediphone

EDISON VOICEWRITER

*New! Smaller!
Streamlined!*

Should your company advertise?

The answer depends on many facts about your product, your market and your competition. Why not talk it over soon with competent advertising counsel?

Obviously, an agency wants only *successful* clients and will advise you against advertising if the facts point that way.

On the other hand failure to discuss the situation may cost you lost sales.

**Newell-Emmett
COMPANY**

Advertising Counsel

40 EAST 34th ST., NEW YORK



I consider group insurance a sound business investment



BUILD EMPLOYEE LOYALTY WITH GROUP INSURANCE

Salaried experts of the Aetna Group Division will gladly give you up-to-the-minute information on employee insurance and explain how it can be fitted to your Company.

All forms of group insurance: Life—Pensions—Sickness—Accident—Hospitalization.



AETNA LIFE
INSURANCE COMPANY
Hartford Conn.

tions. Stocks in the hands of dealers were only moderate. Shipments came through at a snail's pace (due to traffic conditions), in some instances not at all. Enterprising coal dealers lost no time in getting out advertisements that offered "dependable fuel" of which there was "no danger of a shortage at the source of supply." In New York, Mayor La Guardia wired seven leading oil companies that owners of apartment houses and factories were complaining about a shortage of fuel. In Washington, the Temporary National Economic Committee took note of an increase in the price of fuel oils, along with increases in other commodities (BW—Feb 3 '39, p. 48).

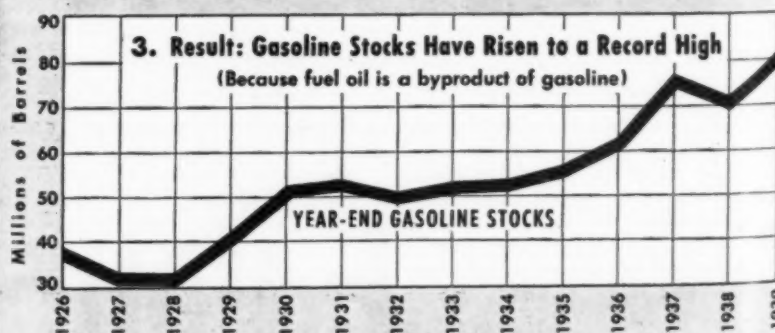
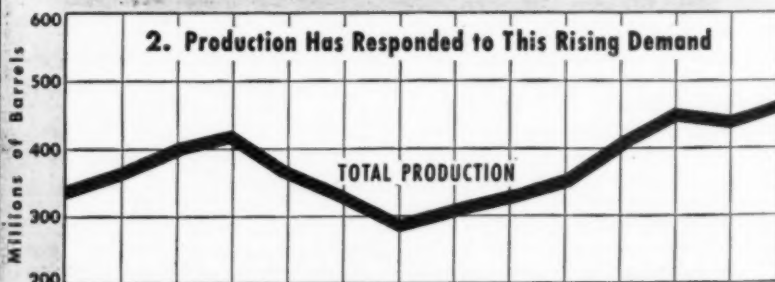
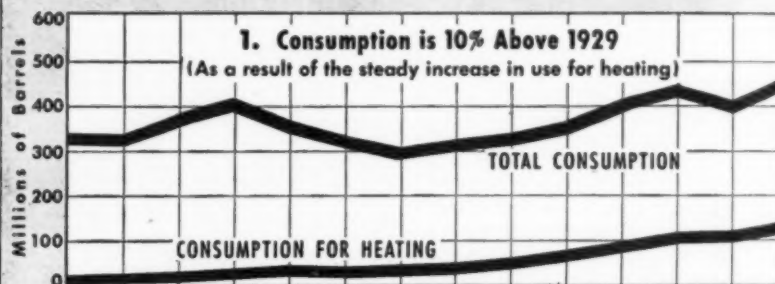
Matters reached the state where, at the end of last month, stocks of distillates east of California were drawn down 20% below last year and stocks of residual fuel, 26%. Meanwhile, from August to January, the price of a representative fuel oil (#2, which is used primarily for home heating) went from 53¢ to 7¢

a gal., while the price of #6 oil (Bunker C fuel oil) went from 95¢ to \$1.50 a bbl. But the situation in stocks and the situation in prices were due to one single factor—tanker rates.

While total stocks of all fuel oils are still considered ample, their location causes concern, for they're tight in some sections of the east and topheavy in California.

Increases in prices have been based entirely on the increases in tanker rates. Tanker rates from the Gulf Coast to North Atlantic ports have risen almost 400%, from 15¢ to 73¢ a bbl. Reducing that 58¢ increase to a gallonage basis, the increase in tanker rates has been slightly more than the increase in prices. At the same time, prices are not out of line with what prevailed a year ago. (Tanker rates have risen because a number of former coastwise tankers have transferred their registry and entered the trans-Atlantic run; consequently, fewer tankers are available.)

FUEL OIL — A Problem in Supply and Demand



Data: Bureau of Mines; American Petroleum Institute. 1939 Estimated.

© BUSINESS WEEK

California Oil Alarm

Price cuts threaten voluntary control; industry, mindful of Cole bill, watches developments.

CALIFORNIA oil companies, producing about 20% of the nation's output, were speculating this week whether price cuts put into effect Feb. 1 by major units will upset the carefully-calculated balance attained under their voluntary production proration plan. Because California is the only state which operates under voluntary control, any development that affects it is watched keenly by the industry, and by business generally.

Behind this watchfulness, or prompting it, is the spectre of the Cole oil bill. That is the bill that nobody wants—nobody except President Roosevelt and Secretary Ickes, who inspired it. Oil men are against it; big and little trade associations oppose it. Oil producing states don't want it.

Governor vs. His State

Almost alone among oil state officials, Gov. Olson of California has argued that the federal regulation would be better than state control. But when a House subcommittee held hearings on the Cole bill in Los Angeles late in January, the governor explained that California apparently didn't want any oil bill at all. At the same time, three California members of Congress wired their opposition to the bill to Rep. Lea, chairman of the House Interstate Commerce Committee.

That's the California background. Add to it that the oil industry nationally has been having nothing but trouble. At the outbreak of the European war, refiners began producing gasoline far into the night, awaiting war business. Today, the industry is still waiting, with gasoline stocks swelled far above sound economic levels.

Late in January, Standard Oil of California announced a cut in crude prices effective Feb. 1, the first price slash in crude on the Coast since 1936. As usual, other majors promptly fell into line. Prices at wells dropped 4¢ to 15¢ a barrel depending on gravity of the product.

Plan Reduces Output, Stocks

Surveys completed this week in Los Angeles show the voluntary control program was reasonably successful last year. Crude output was cut 10% below 1938 and stocks on hand were slightly lower last December than at the beginning of 1939.

Oil control is an even hotter subject in California than in states where compulsory state control is in force. Voters twice have defeated proposals for state control of production, first in 1933 and again last November. Threat of federal control led to enactment of the Atkin-

Hundreds of manufacturers—because of the outstanding rail and water transportation facilities of the Metropolitan Oakland Area—have found it pays to manufacture in the West to serve the West.

HERE'S ANOTHER REASON... this Area is the highways and trucking center, too.

Strategically located at the heart of California's more than 12,000 miles of surfaced State highways...with Oregon and Washington's 11,500 miles an easy run...with Idaho, Nevada and Arizona just beyond...terminus for numerous Pacific Coast common carriers, for many contract truck carriers as well...

The Metropolitan Oakland Area commands a strategic position for any firm that distributes by truck.

1,750,000 population within the 40-mile radius...10,000,000 in the three Pacific Coast States...here is a vast high-purchasing-power market within profitable range.

Investigate the Metropolitan Oakland Area from this and all other angles.

Our Industrial Booklet gives a general survey of the Metropolitan Oakland Area...facts, figures, photographs.

A Special Survey, strictly confidential and directly applied to your operation, will be prepared, without cost or obligation. And we will help you make an *On-the-Ground Study* of industrial sites and local conditions.

As the first step, write for booklet, "The Natural Industrial Center of the West."

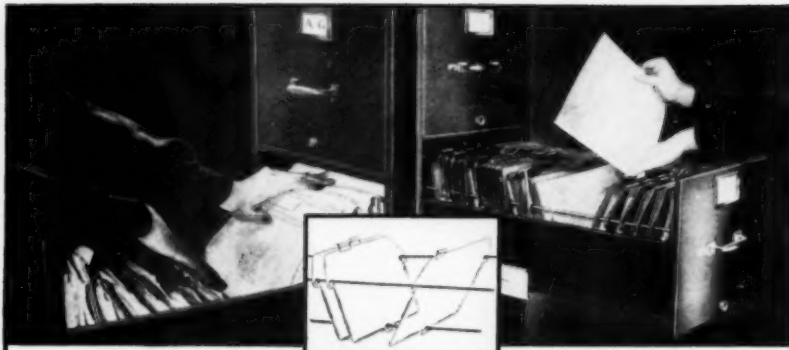
METROPOLITAN OAKLAND AREA, 387 Financial Center Building, Oakland, California

**METROPOLITAN
OAKLAND AREA**
CALIFORNIA

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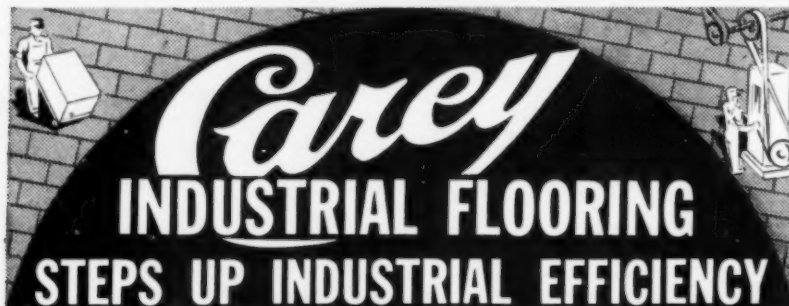
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BRANCHES IN PRINCIPAL CITIES

son Act by the 1939 state legislature, but on referendum last November the bill was killed. Opposition came not so much from oil producers as from leaseholders who own no wells, but are interested in pumping the maximum for quick profits.

At the Los Angeles hearings, the House subcommittee learned how California producers not only regulate themselves but pay some \$200,000 a year to maintain an oil umpire and an office. The umpire, J. R. Pemberton, told most of the story.

Pemberton's job is largely statistical. The rules are laid down by the Central Committee of California Oil Producers, which is made up of the chairmen of 28 regional field committees in the state. The central committee appoints the umpire.

Umpire Determines Quotas

Between 50 and 75 employees are needed in the Los Angeles office of the C.C.C.O.P. to keep complete records of every oil well in the state, including capacity for producing crude and natural gas.

With the figures, the umpire sets a monthly production quota for the whole state and a quota for each well. Quotas vary according to: (1) the season; (2) whether oil is going into storage or is being withdrawn; (3) forecasts of the U. S. Bureau of Mines.

There are many beefs from producers, but these are ironed out by the regional field committees which meet every month for that purpose. Disagreements usually arise from differences of opinion as to the capacity of an individual well and if they cannot be settled otherwise a flow test is made on the well. That settles all arguments, for in hundreds of tests, the great majority have borne out the quotas established by the C.C.C.O.P.

Loath to Accept Ickes Control

As originally introduced, the Cole bill would create a new government official—an administrator of petroleum conservation. But this administrator would be under the wing of Secretary Ickes. And that, among other things, is what oil men particularly don't like.

At present, federal control of the oil industry is limited to enforcement of the Connally hot oil act and to federal sanction of the Interstate Oil Compact, under which seven of the principal oil producing states are permitted to regulate crude oil production in the interest of conservation. But under the terms of the Cole bill, the federal government would supersede state regulation of crude oil output, and would embark upon a campaign against waste. In this the board of directors of the American Petroleum Institute foresees direct control of the producing and transportation branches of the industry and an indirect effect upon the refining and marketing phases.

Milkmen Veto Cuts

Chicago drivers reconsider move to fight store competition by reducing own wages.

WHAT STARTED OUT like an epoch-making event in labor history fizzed out last week. A week earlier, several members arose in the regular meeting of Chicago's milk wagon drivers' union to demand that the union fix things so they could work for less money. They made no bones about yearning to kick the teeth out of the price-cutting non-union competition that was going ahead and stealing the household trade from their wagon routes.

They ended up by creating a committee to meet with the employers to convert pay cuts into more jobs. It was all the more startling because only a month before the membership had tossed out its long-time officers for telling them they needed a wage reduction (*BW*—Jan 13'40, p.30).

Customers Protect Themselves

Cut-price competition has in ten years shifted Chicago's percentage of store milk from 15:85 to 55:45, cut union membership from 7,400 to 4,400. Early last month a price war brought the price of store milk to 8½¢, with everybody presumably losing his shirt except the grocer and the driver. To save ½¢ a quart, customers began putting stop orders in the back-porch bottle. This meant that the low men in each barn would be fired and their customers redistributed until all surviving drivers had the 1,333 one-quart points per week that the \$48 wage is based on.

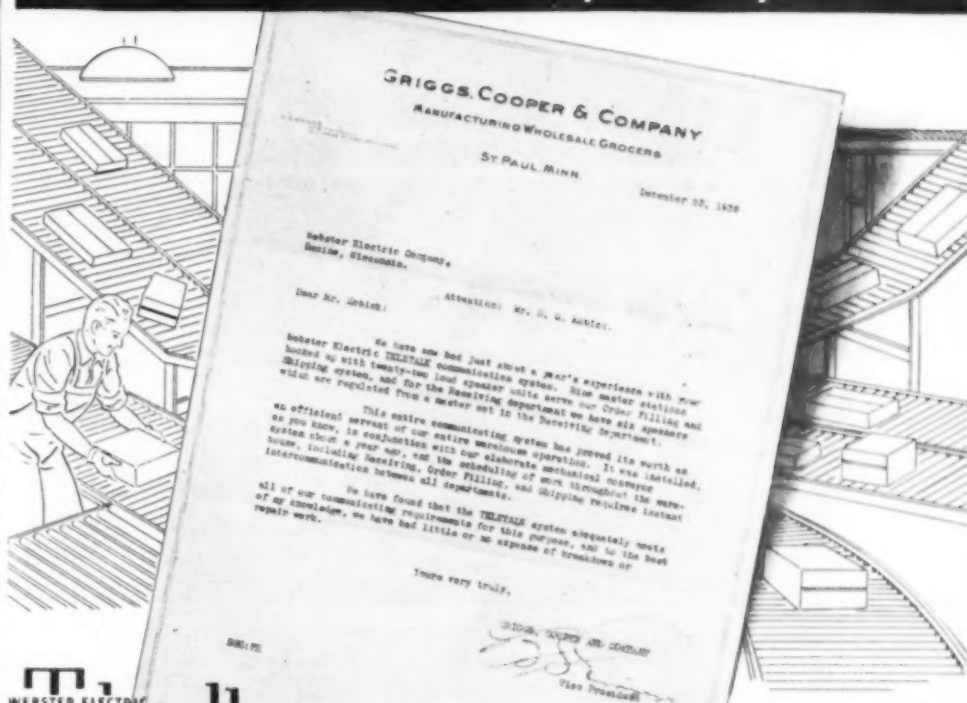
Dairy owners and dairy farmers recognized at the outset of the present price war that long-term strife would be expensive. Union drivers, however, protected by their agreements, were unworried until their meeting, when it appeared that the swing to the stores would take its toll from their pockets too.

Praise for Labor

Obviously, unless something could be done, a lot more drivers would be reading the Help Wanted columns. The papers ran editorials commending labor's "new sense of social and economic responsibility."

Presumably the men who felt the ax whistling toward their necks went to the now-historic preliminary meeting and voted to negotiate a wage cut. Last week, a special meeting to consider a reduction of \$8 was attended by more than 4,000 drivers, most of whom feel reasonably secure in their jobs. They voted "No" so loudly that the others chimed in to make it unanimous. So the wage stays at \$48 until next May 1, when the contract expires. What happens thereafter is anybody's guess.

Teletalk is Indispensable in the Operation of Griggs, Cooper's Elaborate Conveyor System



Teletalk Amplified Intercommunication

Speeds Up Every Phase of Business!

Griggs, Cooper & Company, manufacturing wholesale grocers, St. Paul, Minnesota, employ an elaborate conveyor system to render fast and efficient service to its customers.

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After investigation Griggs, Cooper chose Teletalk as being the most flexible, adaptable, efficient and highest quality intercommunication system for the purpose. The letter reproduced above expresses the opinion of Mr. B. G. Griggs on how Teletalk speeds up the movement of merchandise.

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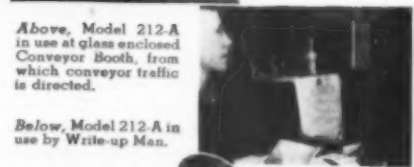
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Above, Model 212-A. An uncluttered Teletalk at the City Peak of Griggs, Cooper.



Above, Model 212-A in use at glass-enclosed Conveyor Booth, from which conveyor traffic is directed.



Below, Model 212-A in use by Write-up Man.



Above, Speaker-Microphone Model 5A-45 in use in Warehouse Canned Goods Department.



The taxicabs are giving each other a run for it in this year's style race. While De Soto (below) sports a special chassis and a Sky-View top,

Checker introduces a disappearing top. When the cabbie turns a crank, the roof section over his fare disappears into the body of the cab.

New Cabs for Old Taxi Troubles

Extra-fancy hacks make their bow as this year's "answer" to the perennial problem of a low return for fleet-owners and drivers.

TAXICAB manufacturers are showing fancy new models of their products to rouse the buying impulse in the nation's hackers. Checker Cab Manufacturing Corp. "presented" its 1940 creation in New York on Jan. 15. The James F. Waters Motor Sales Corp., of Detroit, is giving Checker a run for its money with a new Sky-View cab which incorporates a special De Soto chassis.

General Motors also has brought its taxicab up to date, but it is not entering any style race with its two competitors. Insiders say that G.M.'s truck divisions are so busy with peace demand and war orders that they won't bother a great deal with the taxi market which is, by comparison, peanuts.

The new De Sotos and Checkers rouse intense yearnings in the rugged bosoms of hackers. Most radical innovation is Checker's disappearing all-metal landaulet top. By turning a crank beside his seat, the driver causes the roof section over his fare to disappear into the body, letting in fresh air and sunshine. There is the usual glass roof.

Special attention is paid to the driver's comfort. The front seat is properly ventilated and heated; the cushions are adjustable to any size hacker. There is an attachment to prevent rolling on hills. When the tank is being filled it whistles till the gasoline gets within $\frac{1}{2}$ inch of the top, thus preventing wastage of gasoline which is a big item in hackers' operations. Cost of the new Checker cab in New York is \$1,572, a considerable reduction from the last model (1936).

The new De Soto has its own line of gadgets to stimulate buyers. It has the edge on Checkers in price, selling in New York for \$1,395. This cab has a rear trunk for the spare tire. Space in this compartment is reduced by a heavy metal screen.

"Police regulations," explains the salesman. "New York requires that screen to prevent the haulage of murder victims."

Such special features provide part of the answer to the higher cost of taxis in comparison with passenger cars of the same size. New York City has dozens of these requirements. Since it constitutes

the big market for cabs, manufacturers must meet the regulations. Smaller sales volume (than for passenger cars) is another high-cost factor.

The taxicab business has settled down considerably since the old days of wars, bashed fenders, and broken noses. One reason is that cities are cutting down on the number of licenses; another is the growing conviction that there isn't much money in the business.

No Colossal Returns

A survey reveals about 70,000 built-for-the-purpose cabs in the country. (Additional thousands of regular passenger cars of all breeds serve as taxis in many cities). Leading fleet owner is the Checker-controlled Parmelee System operating in New York, Chicago, Pittsburgh, Minneapolis. The Chicago and Pittsburgh companies are consistent money-makers, but they are exceptions. Taking as a whole the four cities in which Parmelee operates, it has shown a deficit in six years out of the last ten. In numerous cities there are "Yellow" taxi companies, but these merely represent the acceptance of yellow (the color that attracts most attention by catching light) as the proper complexion for cabs. None of these concerns is connected with Yellow Truck and Coach Manufacturing Co., a subsidiary of General Motors.

A serious drawback to sales is taxi longevity. Often after running 100,000 miles for its original owner, a cab will be sold for \$250 to \$400. It will then put in another 100,000 miles before being sold in the jallopie market. Primary demand for the built-for-the-purpose cab comes from cities of over 500,000 population. Chicago dumps its second hand cabs in mid-west and Southern cities. New York's discards are taken by coastal states to the southward.

N. Y. Taxi Total Whittled

Taxis are running into stricter regulation both as to number and operation. Average ratio per 1,000 population still varies widely. Washington leads the big cities with one cab per 158 population. Other figures are one taxi for every 600 in New York, one for every 1,300 in Chicago, one for every 2,000 in Pittsburgh, Milwaukee, Portland (Ore.), one for every 3,000 in Cleveland.

From a high of over 30,000 eight years ago, the number of New York taxis has been gradually whittled down to 12,864. Parmelee with 2,000 cabs is the biggest fleet operator, out of a total in this classification of 7,360. The rest are owned by individuals.

There are about 32,000 licensed taxi drivers in New York. Many of these are workers driven out of trades by hard times. Some are occasional hackers. Sailors in port for a few days lay-off will pick up a little change and a good deal of excitement by driving cabs. Municipal and government employees sometimes

Caterpillar on the Air



B. C. Heacock, president of the Caterpillar Tractor Co., went on the air one evening this week, over station WMBD, Peoria, Ill., to tell his employees and neighbors about sales, profits, and employment during 1939. Though all Caterpillar workers had received printed copies of the report, Mr. Heacock's radio talk both simplified and expanded the original, served as one further step toward the company's desire to completely humanize its annual statements.

drive cabs on their days off. Average income for these hackers is \$15 a week ("Three pounds," in trade parlance) with an additional \$4 to \$6 per week from tips. Apparently nobody becomes a driver from choice.

"A lousy way to make a living," is the general comment on the job.

Private Slum Drive

BROAD-SCALE rehabilitation of city slum areas, on a private-enterprise basis, has at last got going. Stimulated by the successful experiments in Philadelphia (BW—Dec 9 '39, p. 32) and by similar developments in Chicago, Los Angeles, and New England, the National Association of Real Estate Boards has swung in behind the idea in a big way.

Heading a committee of 50, each member of which represents a different city, is Arthur W. Binns of Philadelphia, the "lone slum clearer" who has proved it can be done. Through a newly-approved regulation (Sec. 207) the FHA now will insure renovation loans up to 80% of the cost of the obsolete housing and rehabilitation. Mortgages will bear interest of 4%, amortization is set at 2½%, and insurance at ½%—a total mortgage service cost of 7%. This is about half of the lowest charges Binns has had to pay for renovation money heretofore.

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To Get a Concrete Home

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We will gladly present further facts on concrete as a preferred investment to large mortgage lenders or home developers.

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Anchor's Nation-Wide Erecting Service is prepared to install your Anchor Fence immediately. Send for the Anchor Fence Engineer today. He will recommend the proper Anchor Fence installation to completely protect your plant, and show you the many Anchor features which provide extra protection and longer life, or mail the Coupon now for free Fence Catalog.

SUGGESTION—Since the War broke out, more orders have been placed for Anchor Fences than during any corresponding period for the last 10 years. Our production and Nation-Wide Erecting Service are still able to fill your orders promptly. We suggest, however, that you act quickly.

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MARKETING

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Tire Prices Uncertain

Boost in rate to government and Goodrich advance stir hopes, but general rise seems unlikely.

LAGGING ACTIVITY in the replacement tire markets is a reflection of the price uncertainties in the 1940 outlook for the tire industry.

Shipments of tires to dealers so far this year are below the level of the same period in 1939. Dealer buying slowed to a walk with the industry-wide slash of 12½% to 14% in retail tire prices Nov. 1.

That month's shipments dropped 30% from October's figure and were 9.8% under November, 1938. The sluggish sales trend has continued to date. Coupled with the fact of low retail prices and narrower profits margin, that trend augurs a bleak profits picture for the trade this first quarter.

Two price moves last week brought some optimism but added little hope in the minds of trade observers for any general movement upward in tire prices. First harbinger of optimism was Uncle Sam's award to various lowbidding tire firms of contracts for his purchases of casings for the six months' period opening April 1. For that period, when his purchases will total above \$1,500,000, Uncle Sam will pay 10% to 15% more for his tires than he did for the six months' period which began Oct. 1.

The fact that the current bids represent the first upward movement on government tire prices since September, 1937, when the identical bids of 18 tire makers brought charges of collusion, is viewed as a "bullish" factor by many in the trade. From that "identical bid"

period until the current bidding session, tire prices to the government had tumbled 33% and more. In that same period, up to the time of the cuts last November, list prices to the consumer had jumped about 10%. On Oct. 1, Uncle Sam paid \$4.36 for the four-ply 6.00 x 16 tire, which was priced at \$15.95 retail. Today that tire is priced in the retail lists at \$13.95 and to the government in the new awards at \$4.87—up 51¢, but \$2.10 below the "identical" bid of September, 1937.

The boost in prices may reflect the trade's increased costs of raw materials, since all firms now are dipping into inventories of crude rubber purchased since the outbreak of the war at prices 3¢ to 4¢ a pound above the average price in the preceding eight months. Too, the bids may indicate that the trade is finally sick of selling tires at little or no profit and at a level well below the price floor set by the government for the trade in the days of NRA.

Better Profit Break

Second bullish move of the week was the B. F. Goodrich Co.'s increase of about 7½% in the price of its first line tire. Termed an "upward adjustment," the move brought only silence from the rest of the trade. The increase of about \$1 per tire gives the dealer a little better profit break.

Weighing heavily against the likelihood of any general price increases, however, is the fact that "spring dating" protection has been extended to April 15 for tire dealers. That means that any price increases wouldn't be operative until after that date, which is the start of the replacement buying season when dealers' stocks should be full. There is



R. H. Macy holds sway in the drug department of Baltimore's Food Fair.

also considerable prospect of more bargain sales and tire merchandising sprees this spring, all of which lends little hope for price increases.

Meanwhile trade analysts see a lower replacement tire sales total—a drop from 37,500,000 units last year to 32,000,000 or 34,000,000. That decline is based on the fact that since there were fewer cars sold in 1938 than in 1937, there will be fewer customers coming in for their two-year average changeover to new tires.

Gains in original equipment sales to auto makers, in step with prospects of higher auto sales, will balance the replacement tire sales decline and mean a tire total about equal to last year's 10-year high.

Fair Trade Threat

Druggists aroused over handling of Macy's private brands by Baltimore supermarket.

THE DRUG TRADE, which almost single-handedly put over the fair trade laws by which manufacturers can set minimum resale prices for their merchandise in 44 states, acknowledges R. H. Macy & Co. as its number one opponent. The big New York department has led the fight on resale price fixing with words and products.

To nearly every conference on distribution, Macy's sends its hard-working economist, Q. Forrest Walker, to present facts and figures to show that "price fixing means price raising." Between times, Economist Walker writes tracts for distribution to consumer groups. And into the fight, Macy's has thrown thousands of dollars for advertising.

Macy's Pushes Its Offensive

As a more tangible weapon than words, Macy's has used its own private-label merchandise to fight fair trade. Forbidden by manufacturers to cut prices on national brands, Macy's has ballyhooed the theme of "save with safety" on Macy's own products.

Last week the drug trade press frantically headlined the news that Macy's drugs have gone into the new drug department of a Baltimore supermarket, Food Fair, Inc. For retail druggists, the announcement carries a double threat. It points up the growing tendency of food supers to add drug items. And it represents a widening of the interest in private brands by which opponents hope to break up the fair trade laws.

Actually, Macy's began to wholesale its private brands to other stores in August, 1937 (BW—Aug 14 '37, p15). A subsidiary called Supremacy Products was set up to handle the distribution, and the first store to sign up for some of the 3,000-odd Macy labels was Fowler, Dick & Walker, of Wilkes-Barre,

Pa. Now Supremacy Products has about 20 outlets, including department stores as far distant as El Paso, Chattanooga, and Oklahoma City.

Macy drugs went into a grocery store—the J. B. Blood Co., Lynn, Mass.—about six months ago. Little excitement attended that move. The current furore over the new Baltimore outlet stems from the fact that Food Fair is a super-market, one of a chain of 67 operated by Union Premier Stores of Philadelphia. If the Macy drugs go well in the Baltimore Food Fair, they're almost sure to spread to the chain's other stores.

Fair trade opponents claim that it wouldn't take very many mass distributors, pushing private-label drugs, to put fair trade on the toboggan. They say that when drug manufacturers discover that resale price-fixing is cutting their volume, they'll quickly enough leave the setting of prices to others.

But the question is whether private brands, even with the Macy label and pushed by the aggressive Macy merchandising tactics, can cut into the advertised price-fixed brands sold by drug stores. Outside the New York area, where they're not well known, the Macy drugs will have to depend largely on price appeal for success. But that may be enough.

Refrigerator War

Kelvinator's low-cost models precipitate industry's first out-and-out price-cutting.

BIGGEST GET-TOGETHER of the year for electric refrigerator manufacturers is occasioned by the Chicago Housewares Shows where the big companies usually exhibit new models and reveal their prices to the trade generally for the first time. This year Nash-Kelvinator Corp. provided the big sensation when it unwrapped its 1940 line on Jan. 10 (BW—Jan 13 '40, p33), revealing drastic price cuts all around and a stripped six-foot model at \$119.95 list—the lowest price ever quoted by one of the big manufacturers on the trade's fastest-selling refrigerator, and well under the \$129-\$134 lower price level that other companies had already announced on similar 1940 boxes. To cap it all, Kelvinator abandoned the usual zoning policy, announced that all its prices were delivered east of the Rockies. Kelvinator's action precipitated an out-and-out price war—the first the industry has ever had. Prices quoted by the "Big Five" (Frigidaire, General Electric, Kelvinator, Norge, and Westinghouse) on comparable models have always been pretty uniform.

Kelvinator's reduction, according to company officials, was planned six months ahead as part of a thoroughgoing reorganization program (including re-vamping of distribution, with careful

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you make, handle, ship — you may be able to use Fibreen to advantage. It's a tough, reinforced, wear-resistant, pliable paper—heavily waterproofed with a sealed-in layer of special asphalt. It is saving time and money in many ways for many manufacturers. Here are a few suggestions:

- As a tough, waterproof wrapping, packaging or bogging material, it carries a wide variety of products safely to their destination.
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pruning of outlets, and concentration of 96% of production on the fast-selling six and eight-ft. models), but no word of it leaked out till the Chicago show.

Quick Reaction from Rivals

Immediately, Sears, Roebuck, Gibson, Norge, and Philco, priced down their lines, either entirely or in part, and then the trade began to wonder what Frigidaire, G. E., Westinghouse would do—stand pat or cut? The answer wasn't long coming: big Frigidaire—No. 1 in the industry—reached down for new low ground. It added a six-foot box priced at \$112.75, tacked on a fully-equipped eight at \$196.50, and cut another eight to \$166.65, underselling even Sears in this size.

Westinghouse announced reductions in its entire line Feb. 1, and matched Frigidaire's six-foot pace maker with one of its own at the same price—\$112.75. G. E. followed Feb. 2 with cuts in its special and standard lines (de luxe models were unchanged). Like Westinghouse it remodeled a 1939 box to get its six-foot price leader, offered at \$114.75.

Manufacturers of cheaper models were hard-pushed by the price-cutting which Kelvinator touched off. Sears reduced its entire line \$10, bringing its cheapest six down to \$89.50. Gibson brought its \$99.95 six down to \$89.95. Crosley left its standard and de-luxe lines unchanged,

reducing four sixes and two eights, with the cheapest six at \$99.95, another at \$119.95. The trade, which rolled up a none too rosy January sales record because of price uncertainty, fears the end of the price war may not have come even yet.

The reasons for Kelvinator's action in slashing both its Kelvinator and Leonard lines are not too difficult to guess. Kelvinator was the first electric refrigerator manufacturer—26 years ago. Frigidaire, then General Electric, then Westinghouse came in. Then private brands like Sears' Coldspot, introduced in 1930, began to make themselves felt.

In Line with Industry's Trend

Figures are hard to get, but today the chances are that Frigidaire now does close to one-fourth the total business, with G. E. running a close second. Sears, according to trade gossip, is battling Westinghouse for third and fourth honors, while Kelvinator, which once led the field, probably comes fifth.

In concentrating its production on the popular models, Kelvinator is following what has been the gradual trend of the industry. While unit sales of all electric refrigerators were up 52% at the end of 1939, sales of sixes had skyrocketed to a 115% gain. The seven-foot box has been almost eliminated, and there are fewer fives, fours and threes.

Chicago Greet Buyers

Some 18,000 converge on city to stock Midwestern stores with dry goods lines.

THE LEON SISTERS of Alamosa, Colo., and the Eaton Sisters of Lafayette, Ind., rubbed shoulders registering for the Interstate Merchants Council last Monday morning in Chicago. Right behind them came owners of three Shoppes: the Bon Ton of Jefferson, Ia.; The Style of Lisbon, N. D.; and the Fanny Louise Hat of Danville, Ky. These were the advance guard of an estimated 18,000 buyers who would place at least \$18,000,000 of orders with Chicago firms and with out-of-town houses whose showings filled 23 sample floors of three big Loop hotels. Registrations were up 8% above last February's market.

Major stores likewise send buyers to Chicago's two annual markets, most of them for specialties such as giftware. But the core of this wholesale volume in dry goods, apparel, and related lines is the stores which are too aggressive to depend solely on traveling salesmen, and too small to send their buyers farther from home.

Typical of the buyers who this week trudged through Chicago's wholesale district are those representing members of Central States Department Stores, Inc., comprising 25 independently-owned stores which exchange figures and buy together. These are in an area which takes in Yankton, S. D., Saginaw, Mich., Kokomo, Ind., and David City, Neb. They go after the quality trade of their towns, and range in annual volume from \$350,000 to \$1,000,000.

Vigilant Spenders

Through their C.S.D.S. the members cooperate much as do Filene's, Hudson's, and other big shots which have the Retail Research Association and the Associated Merchandising Corp. As a matter of fact, the group is managed by John F. Mackay, who came to it from R.R.A. and A.M.C.

Principal difference is that the little fellows must watch expense pennies as avidly as the big fellows watch dollars. They cannot afford New York trips and New York express charges. They do employ Manhattan representation, primarily for low-end style goods that Chicago lacks. But the group headquarters are in Chicago, and here members gather for buying pow-wows.

Last Tuesday, for instance, the merchandise men assembled to view lines jointly, explore the market singly. Five C.S.D.S. meetings were held during the market week. They ended in time to let everybody get home for Saturday. Close to 100 C.S.D.S. people were in town during parts of the week, including a good deal of non-selling help.

If you want to be sure of high uniform quality—at no extra cost

**Specify
Ryerson Certified
Steels—**



PRINCIPAL PRODUCTS IN STOCK FOR IMMEDIATE SHIPMENT INCLUDE

Beams, Structurals
Channels, Angles
Tees, Zees
Hot Rolled Bars
High Tensile Steels
Bands and Hoops
Plates (over 15 kinds)
Sheets (over 25 kinds)
Alloy and Tool Steels

Heat Treated Alloy Bars
Stainless Steel
Cold Finished Shafting
Strip Steel, Flat Wire
Mechanical Tubing
Boiler Tubes and Fittings
Welding Rod
Rivets, Bolts, Nuts, Washers
Concrete Reinforcing

Write for the Ryerson Stock List

Joseph T. Ryerson & Son, Inc. Chicago, Milwaukee, St. Louis, Detroit
Cincinnati, Cleveland, Buffalo, Boston, Philadelphia, Jersey City

MARKETING ANGLES

Make-Up by Bel Geddes

CURRENT UNREST with traditional newspaper methods—engendered by a higher mortality rate among daily papers than at any time in recent history—had another of its manifestations this week. The New York Post, oldest and least flourishing of Manhattan's dailies, blossomed out in a new streamlined make-up and type dress. Designer Norman Bel Geddes, who had modernized many another product but never before a newspaper, did the job.

Features of the new make-up: (1) elimination of column rules; (2) departmentalization of the news, save for the first page; (3) bigger type all around; (4) almost complete absence of upper-case type; (5) increased use of two-column measure; (6) flush-left heads.

An inspiration for the changes, in addition to the trend of the times, was likely the announcement (*BW*—Jan 20 '40, p. 42) that *ex-Time* publisher Ralph Ingersoll is soon to start a "completely different," departmentalized, interpretative evening paper in New York.

Million-Dollar Co-op

EASTERN COOPERATIVE Wholesale, owned and operated entirely by consumers and serving consumer co-op stores from Maine to Maryland, passed the million dollar mark for the first time in its history in 1939, it was stated this week.

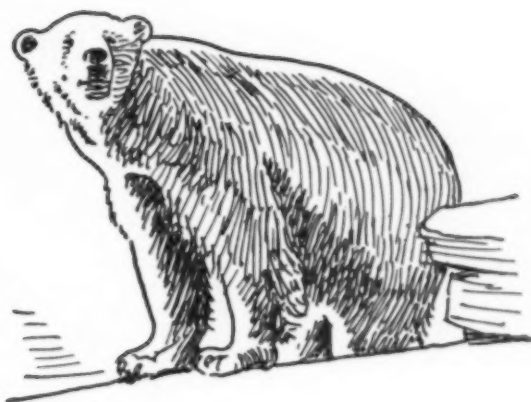
Total business handled by the co-op wholesale last year was \$1,071,000, which represented a gain of 49.3% over the sales of \$717,000 in 1938. The co-op has hung up sales increases of more than 40% for each of the four years since it went into direct wholesaling in 1936.

No Inquisition

YOU GOT ME WRONG—that's the gist of a handout from the Federal Trade Commission this week. And obviously the FTC is talking to the advertising trade press, which has interpreted the commission's coming inquiry into "Methods and Costs of Distribution" as an inquisition for advertising.

"From inquiries to the Commission and articles in certain periodicals," says the FTC, "there appears to be a misconception. . . . The purpose of the inquiry is to ascertain and assemble pertinent facts concerning the whole subject of distribution in a number of industries. . . . There is no purpose or intention of singling out advertising."

Fact is, the investigation is intended largely as a pot-boiler. As reported last week (*BW*—Feb 3 '40, p. 33), its main object is to keep intact FTC's economic division which depends for its life-blood on \$150,000 a year from Congress for specific investigations.



HAMILTON BOND

So you think you're White!
Have a look at
HAMILTON BOND

From the Arctic to the Antarctic, there is nothing so white as Hamilton Bond. The business-like white of this genuinely watermarked, moderately priced paper adds sparkle and style to your day-to-day letterheads. When you see and feel its fine finish and firm surface, and hear its crisp crackle, you will have to believe your senses, but you will wonder why you pay so little for so much. The strength and durability of Hamilton Bond will amaze you. Match it against hard-hitting erasure. It stands the gaff. . . . Let the emphatic white of Hamilton Bond emphasize your letterheads. Let its 12 contrasting colors be standard for your business forms. . . . Want a copy of the Sample Portfolio? Simply request one on your business letterhead.

W. C. HAMILTON & SONS · Miquon, Pa.
Good Papers* For Good Business

*Hamilton Ledger for records.
Hamilton Mimeo-pen Bond for duplicating.

LABOR & MANAGEMENT

INDUSTRIAL RELATIONS • PERSONNEL • EXECUTIVE POLICY

Wage-Hour Issues Still Smoulder

Maneuvering between Administration forces and farm lobbyists is expected before House action on amendment. Fleming continues industrial hearings.

AMENDMENTS to the Wage-Hour Law (Fair Labor Standards Act) were a problem-for-the-future in Congress this week, with no surface signs of intricate politicking which the Administration and its opponents are pursuing. Last year the Administration-controlled House Labor Committee recommended broad changes in the law to make it more enforceable and to make administration easier. Just when passage seemed sure, with everything going smooth, a group of farm lobbies rose up and wrecked Administration plans (*BW—May 27 '39, p. 51*) with a push for exemption of "first process" farm workers.

The House committee amendments still are in the hands of the Rules Committee, and so are those offered by Rep. Barden and backed by the powerful Farm Bureau Federation. Anti-Administration strategy is this: the Rules Committee could give the Administration amendments a rule and bring them to the floor; all but the enacting clause then could be struck out and the Barden amendments could be substituted.

Has to Do Some Compromising

The Farm Bureau Federation probably could get enough votes in the House to do this, but it is likely that the Senate would reverse it. Consequently, a bit of maneuvering and seeking of compromise between the farm bloc and Col. Philip Fleming, director of the Wage-Hour Law's destinies, is expected before any action is seen on the House floor. Fleming could broaden the "area of production" exemption definition to give the farm processors what they want.

He has been somewhat handicapped because he is not yet administrator of the Wage and Hour Division de jure although he seems to be de facto. After Elmer Andrews was forced out as Wage-Hour boss last fall, President Roosevelt put Fleming in as assistant to Andrews' boss, Secretary Perkins—but not as administrator because he first has to get authority from Congress to appoint an army man to a civil post. Some progress was recently made in obtaining that authority. Senator Glass got unanimous consent to add an amendment to an army

appropriation bill before the Senate authorizing Colonel Fleming to hold this post despite regulations to the contrary. This amendment is now attached to the appropriation bill, which goes to conference where only a majority vote is necessary to retain the amendment. When the President signs the bill, Colonel Fleming's name will probably go directly to the Senate for confirmation as Wage and Hour Administrator. After that probably more will be heard concerning the colonel and his activities.

Six More Committees Coming Up

Fleming has been quietly picking up the reins of control, has had only two press conferences in four months, and in general has avoided the headlines. The committee hearing system (which permits industry to participate in recommendations raising wages above statutory minimum) is going along smoothly, with three industries now under the approved rules which they help make for themselves. Fleming intends to appoint six more committees during the first half of 1940—leather, paper, paper products, luggage, and carpet-rugs are five of them; the sixth is not yet decided on.

In the meantime, the Wage-Hour Division is watching to see what effect the new 30-cent statutory minimum for hourly rates is having on industry, and is tightening its organization to get quicker investigation of complaints. Business organizations are bringing up the Wage-Hour Law again for discussion. The committee on manufacturing of the U. S. Chamber of Commerce last week issued a statement advocating repeal of the act. The Council of National Wholesale Associations, representing some 28 trades, has decided to seek amendments exempting its employees from the hours provision of the law (which at present is set at 42 hours per week).

The industry committee situation, as of Feb. 6, was as follows:

Textiles

The Textile Committee's recommendation is 32½ an hour in production of cotton, silk, rayon, jute, and flax textiles, put in effect Oct. 24. An estimated 175,000 of the industry's 650,000 workers were getting less. The war caused sharp price and

Practical Amendment



Wide World

LLOYD K. GARRISON, chairman of the old NRA labor board (and now dean of the University of Wisconsin Law School), who testified last week before the House Committee investigating the National Labor Relations Board and the Wagner Act, had a "practical" amendment to the act to suggest—an amendment which he said would make the C.I.O. and A.F.L. play by "the rules of the game" in cases of union disputes over representation units.

His proposed amendment provides that the labor board shall not step into disputes where the rival unions have claims in the same plant, until they have reached a gentlemen's agreement as to the unit of representation—craft unit, industrial unit, or even regional unit (as in the case of Pacific Coast longshoremen).

As evidence that the amendment would not hamstring efficient enforcement of the Wagner Act, Garrison said that out of 116 cases involving both unions in the same plant during the last fiscal year, the A.F.L. and C.I.O. were in complete agreement as to the unit in 49 instances; in 20, there was "substantial agreement"; in only 43 were they in sharp conflict, which might have been resolved if the unions had "to work it out themselves."

The effect of the amendment, he declared, would be to leave employers free to bargain with both unions until NLRB was called in; to "remove in one stroke nine-tenths of the criticism, outside of this judge-jury-prosecutor problem, leveled against the board."

production increases. No instances of employment curtailment because of the order have been reported. A stay of enforcement obtained for their mills by 17 cotton textile companies will be argued in Court Feb. 28.

Wool

The Wool Committee recommended 36¢ an hour as of spring, 1938, affecting an estimated 11,000 of the industry's 150,000 workers. In Oct., 1939, the larger woolen mills put through general increases. Today fewer than 11,000 may be working for less than 36¢, but not necessarily so. Such workers were mostly employed by smaller companies that came within the definition of the industry because they used animal fiber. A public hearing on the 36¢ rate was scheduled for this week. Delay was caused in part by the industry's dissatisfaction over the Administrator's demarcation of manufacturing at 32½¢ an hour and manufacturing at 36¢ an hour in mixed fabrics. He adopted the same definition which divided wool from cotton industries under NRA. It allows cloth manufacture up to 25% wool content, yarn up to 45% wool content at 32½¢.

Apparel

The definition included the manufacture of all cut-and-sew apparel (this excludes hosiery and other knitted garments) except shoes and hats. Men's caps and cloth hats are made by cut-and-sew methods and are included. Industries ruled by 32 code authorities under the NRA are now brought under one committee. Minimum wage rates from 30¢ to 40¢ have been recommended; the 30¢ for any division of the industry operating in Puerto Rico. The minimum for men's cotton work clothes, men's shirts and pajamas, was set at 32½¢; for women's dresses 35¢. Men's woolen clothes, women's "cloaks and suits", were set at 40¢. Wages in the latter two categories are far above the Wage and Hour law, the average for such work in larger garment centers being about \$1 an hr.

Public hearings on a recommendation for 29 classifications in the industry began Nov. 13 and ended Jan. 10. The recommendation is now up to the Administrator.

Hosiery

The Hosiery Committee recommended 40¢ for the manufacture of full-fashioned hosiery, and 32½¢ for seamless, which went into effect Sept. 18. The 40¢ apparently increased wages for 16,000 out of 80,000 workers.

The 32½¢ increased wages for 30,000 out of 60,000 workers. Raw Japanese silk prices were causing price increases in the production before the war, which did not lessen this tendency. No curtailment of employment due to the wage order has been reported.

Millinery

The Committee recommended 40¢ for this small but relatively high paid division of the apparel industry. A wage order made this effective Jan. 15, affecting some 3,500 workers.

Hats

This Committee recommended a minimum of 40¢ an hr. for the manufacture of



A HANDFUL OF DUST What does it mean to you? It *can* mean the difference between profit and loss in your business. Unless dust is kept under control by modern dust collection equipment, your business may suffer from one or more of these serious losses—

RECLAMATION LOSSES—due to waste of valuable dusts, as in ore refineries, cement kilns, foundry shake-down rooms, etc.

CONTAMINATION LOSSES—through dust pollution of your product or process.

BREAKDOWN LOSSES—through expensive repairs and delays caused

by machinery breakdowns due to dust.

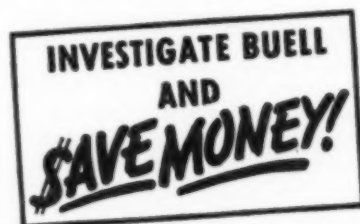
WORKING EFFICIENCY LOSSES—through spoilage and slack production that result from grimy walls and poor lighting.

GOOD WILL LOSSES—due to community annoyance over excessive flue dust dispersal from your stacks.

Buell Dust Collectors, employing the patented, highly efficient Van Tongeren system, can minimize these losses for you. They are already profitably at work for hundreds of businesses. You will find them outstanding for low first cost and negligible maintenance.

Buell engineers will be glad to survey your dust collection problems without obligation.

"DUST COLLECTION" and "FLY ASH CONTROL" are two interesting booklets we shall be glad to mail upon request...



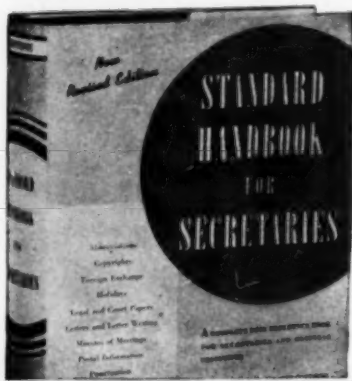
Only Buell Cyclones
have a Dust Pocket

BUELL ENGINEERING COMPANY, INC.
60 WALL TOWER, NEW YORK

Wherever located, quick service through sales office of
BUELL ENGINEERING CO., or B. F. STURTEVANT CO.



Don't Bawl Out Your Secretary!



Let this
"silent assistant"
eliminate secretarial
mistakes from now on

Why lose time and temper on unnecessary errors and puzzling questions when it's so easy to banish them with a single book! Now in use by thousands of leading executives and their secretaries. This remarkable "silent assistant" assures you of the rapid, smooth-running efficiency that every executive requires.

Lois Irene Hutchinson's

STANDARD HANDBOOK FOR SECRETARIES

- Banishes spelling errors
- Improves English
- Explains business routine
- Shows proper forms
- Spells foreign words
- Simplifies filing
- Settles punctuation questions
- Explains technical terms
- Demonstrates simple bookkeeping
- Speeds up typing and shorthand
- Outlines standard practices
- Answers hundreds of business questions
- Doubles secretarial efficiency

CONTAINS ALSO:

Abbreviations, Copy rights, Foreign Exchange, Holidays, Legal and Court Papers, Letters and Letter Writing, Minutes of Meetings, Postal Information, Telegraph, Cable and Radio, Weights and Measures, etc., etc.

**616 pages
Packed with
Useful Facts**

This book works in two important ways: First, it actually trains secretaries in efficient, accurate, modern procedure—makes them able to take many a task off executive shoulders and handle it well. Second, it answers instantly thousands of questions that arise constantly: from correct punctuation to foreign exchange. It covers not only many facts to help in the production of normal stenographic and typing work, but also many useful items relating to diplomacy, reports, inventories, legal and financial matters, communication services, financial information—with tables and lists of many kinds.

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Fifteen thousand purchasers of the original edition gladly paid \$3.50 for this indispensable book. Now, to bring it within the reach of every executive and secretary, we are offering the new edition, enlarged and revised up to the minute, at the special price of \$2.95. Avail yourself of this unusual opportunity and send for a copy now.

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Threat from the South

WASHINGTON (Business Week Bureau)—Biggest threat to effective administration of the Wage-Hour Law is the declared intention of several Dixie congressmen to "get" the Wage-Hour Division unless it withdraws its case against Southern Craft Paper Co., of Mobile, a subsidiary of International Paper Co. The ultimatum that otherwise they will "investigate the Wage-Hour Division out of existence" was served by the Bankheads of Alabama, Dies of Texas, Boykin of Alabama, Cox of Georgia, and other foes of the law.

Col. Fleming, administrator de facto, refused to budge, referred the case for prosecution to the Justice Department, which was preparing to bring it before a federal grand jury in Mobile this week.

The Department of Justice is seeking indictment of Southern Craft under the "hot goods" provision of the law which imposes a \$10,000 fine for every shipment in interstate commerce of goods known to have been produced in violation of the law. Southern Craft purchases timber cut from their own lands by hundreds of small contractors employing upwards of 18,000 men in 11 states.

The wages paid on the basis of the number of "pens" (168 cubic feet) of timber average 8¢ to 10¢ an hour, according to the Wage-Hour Division, which charges that Southern Craft knows that the timber is produced at sub-standard wages, a knowledge that, if proved, would make the company equally guilty with the contractors. The Wage-Hour Division regards the case as the key to enforcement throughout the southern lumber industry. But in the hands of its foes, it may also be a key to the fate of the law at this session of Congress.

hats, except straw and harvest hats. For the latter, 35¢ an hour was recommended (30¢ for Puerto Rico).

A public hearing was held in December. The recommendation, if approved, will affect 5,500 out of 24,000 workers.

Shoes

The Shoe Committee recommended 35¢ an hour. A public hearing was held in December. If upheld, the recommendation will guarantee 35¢ an hour to some 60,000 out of about 234,000 workers.

Knitted Underwear

This Committee recommended 33½¢. An estimated 16,000 of the 60,000 workers in the industry were getting less. A hearing

was held in January. No one appeared in opposition.

Knitted Outerwear

The Committee recommended 35¢ as a minimum. A public hearing on this recommendation was held Jan. 22. About 7,500 of 30,000 wage earners will be affected.

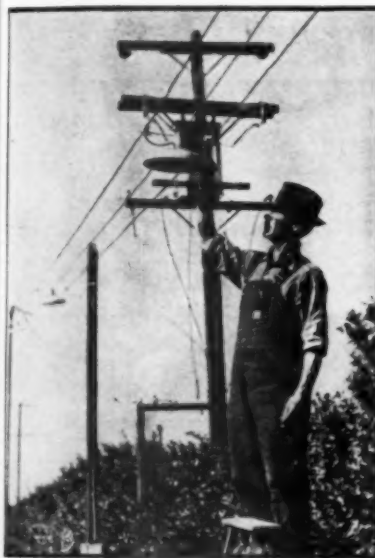
Railroads

The Railroad Committee will meet Feb. 12 for about a month of continued sessions. About 100,000 employees are getting less than 40¢ an hour.

Future Committees

The division believes that the industry committee method is being applied to those industries most in need of it. The Bureau of Labor Statistics reported that in April, 1939, there were only 12 industries in which more than 7,500 workers got less than 30¢ an hour. Committees have been formed for seven of these twelve: cotton textiles, silk and rayon, knit goods, men's clothing, women's clothing, shirts and collars, boots and shoes. None of the others—sawmills, fertilizer, furniture, millwork, cotton seed oil—will be appointed during the first half of 1940.

Light on Citrus



Wide World

Quinter E. Bashore, rancher-electrician of Covina, Calif., has invented a new way to protect citrus fruit from the cold—stringing standard medical infra-red ray lamps above the citrus groves—about 40 lamps to an acre, or one to every two trees. The lamps cost only 12¢ an hour per acre to operate, are turned on by a robot device when the thermometer drops to 38. Results obtained from test installations in 100 acres of oranges and lemons are convincing many growers that it's a practical solution of heating and growth stimulation.

PRODUCTION

PRODUCTS · PLANT · PROCESSES

Homes from the Assembly Line

Mass production in building becomes a reality on huge private project in Los Angeles, directed like a military maneuver. San Francisco cuts costs by speed.

MILLIONS OF WORDS have been written urging mass production methods in building. Last month in Los Angeles, finishing touches were put on a \$6,000,000 private house building job that made new efficiency records in construction.

The project—called Wyvernwood—is financed and operated by the D. Herbert Hostetter estate. Organized on a quantity production basis, 1,102 family units of three to six rooms each in 143 two-story framed stucco buildings were completed in 12 months. Average cost of each building was \$40,000. The number of rooms per structure varies. Each apartment is equipped with a gas or an electric kitchen stove, a gas water-heater, and an electric refrigerator.

The work started early last year with the rough grading and finishing of a 72-acre tract, 10 minutes from downtown Los Angeles. It is now ready for occupancy. No public funds were used.

Thoroughly Planned Operation

Wyvernwood was organized like a military maneuver with all departments co-ordinated to carry out strategy of the high command. Each successive construction operation fitted accurately into a complete program timed to the minute by the builders, the West Coast firm of Lindgren & Swinerton. Crews in each of the crafts functioned like the line assembly in an automobile factory; each man did the same operation day after day as crews moved from one building to the next. With all 143 structures under way at once, crews were so co-ordinated that each competed with others to keep ahead of succeeding operations and up with the crew ahead.

From floor to roof, the greatest accuracy was necessary in laying out buildings because all lumber, piping, electric conduits, cabinets, and linoleum were cut or prefabricated before reaching the job. To insure perfect fits, master forms (templets, the engineers call them) were made for each type of unit and were used to mark exact positions of all stud-ings, openings, electrical outlets and plumbing fixture centers.

Down at Los Angeles harbor, 24 miles away from the job, where all lumber was unloaded from ships, framing was pre-cut, marked and bundled so that an

entire building could be hauled as a unit to the tract.

The job included placing of underground conduits for all utilities, storm drains, sewers, streets, curbs, sidewalks and 25 children's playgrounds.

The materials supply bill included 10,000 doors, 15,000 sq. yd. of linoleum, 17,000 window shades, 70,000 sq. yd. of hardwood floors, 500,000 sq. yd. of plaster and stucco, 8,900 squares of shingles, more than 8,000,000 bd. ft. of lumber and 17,000 cu. yd. of concrete.

Rentals at Wyvernwood will range from \$30 to \$55 a month from 3- to 6-room apartments including gas heat.

Saving Money in San Francisco

On up the Pacific Coast, San Francisco home building firms are also attracting attention throughout the industry by applying similar waste- and labor-saving methods and devices to meet rising labor and materials costs. A standard 24,000-cu. ft., six-room house cost \$6,301 in San Francisco last November, against \$6,314 the preceding month and \$6,368 in November, 1938.

A few San Francisco contractors are showing even greater cost decreases. For example, Standard Construction Co. is turning out 40 houses a month at a lower unit labor cost than during the depression when carpenters were paid \$3 a day (now they get \$10 and other trades are paid correspondingly).

Small crews, working on units of eight houses per job, are allowed one working day for form construction and one day for pouring. With only 10 highly standardized architectural designs and various modifications, every piece of material is pre-cut and numbered on the job before erection. Walls and interior partitions, fabricated on the ground, require one day for erection. Sheet rock in ready-made panels is substituted for interior plaster. All door and window frames and kitchen and bathroom cabinets are cut in quantity from templets.

How all this adds up is now puzzling West Coast building trades unions. Through systemization and the greater use of small electric tools, labor is giving greater efficiency and increasing its per hour wages, but total income within the trades shows small gains.

SMARTLY STYLED IN STEEL



Modern
Office Chairs • Built to Endure

Harter Steel Chairs, for fine offices, are noteworthy for their ease and comfort—for their modern flowing lines and for their sturdiness.

Chairs in the Columbian Suite, illustrated above, are equipped with moulded foam rubber cushions. This is in line with the latest trend, for wherever comfort is of paramount importance in seating, there you will now find foam rubber in use.

More and more business leaders are turning to Harter. They know that in so doing they will get smartly styled steel chairs—chairs that offer the last word in comfort plus extra long wear. Write for Catalog B. The Harter Corporation, Sturgis, Michigan.

HARTER



Production and profits depend on healthy hands. Formula SBS-11, keeps industrial hands clean, chap-free, efficient. Quickly removes grease, grime and bacteria. Helps prevent infection. 3210 plants now supply Formula SBS-11 to employees. Write today for liberal **FREE TRIAL SUPPLY** to Sugar Beet Products Company, 300 Waller Street, Saginaw, Michigan. **FORMULA SBS-11** THE INDUSTRIAL SKIN CLEANSER

NEW PRODUCTS

High-Power Teletalks

NEW 12- AND 24-STATION, high power Webster Electric Teletalks (Series 10-000) for paging men in noisy factories are coming from Webster Electric Co., Racine, Wis. All adjustments are sealed



against tampering. Microphones are built right into the instrument panels. Webster is also bringing out for the executive's desk a new de luxe Teletalk which requires no manual operation of

the "talk-listen" switch and has a knob for increasing the loudness of messages when necessary.

Ball-Bearing Faucet Washer

A ROW OF corrosion-resistant Monel metal ball bearings in a bronze "rare" eliminate rotational friction in the Water Miser Faucet Washer and prevent the rubber valve plug from grinding out against the valve seat. H. B. Sherman Mfg. Co., Battle Creek, Mich., makes the washers in $\frac{1}{4}$ -, $\frac{1}{2}$ -, and $\frac{3}{4}$ -in. sizes to prevent water loss and ease valving in compression-type faucets everywhere.

Continuous Gas Indicator

SOME WHILE BACK, Davis Emergency Equipment Co., 55 Van Dam St., New York, brought out a portable indicator to test air for the dangerous presence of combustible gases, petroleum vapors, synthetic solvent vapors, etc. Now the company has developed the Davis Con-

Double-Barreled Highway Sign



THE Traffic Actuated Sign Co., Minneapolis, expects to have a new double-barreled highway sign out on the road next month. This sign won't only carry an ad; it will offer safety suggestions to motorists and tell them just how fast they're driving, to boot. It operates by means of two magnetic detectors, placed about 40 ft. apart, underneath the road surface. When a car enters the magnetic field of the first detector, the metal in the car causes an impulse which lights up part of the sign—the general warning, "Dangerous Intersection"—as well as the advertiser's copy; and starts a speed computer. When the car enters the field of the second detector, an-

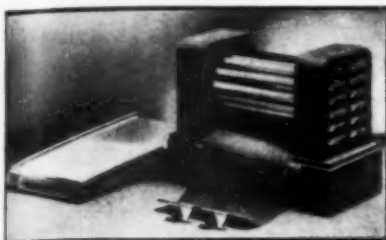
other impulse lights up the figure (there is no movable hand) indicating the driver's speed.

The sign may be of any type—poster paper, paint, or neon. It operates day and night, can have three different-colored lights. Traffic Actuated Sign Co. will not go into the production of the signs—merely of the operating mechanism. The sale of space will be handled through regular channels, tie-ups with General Outdoor Advertising, etc., and both advertisers and municipalities are expected to use the signs. Space will be leased to advertisers; municipalities, chambers of commerce, and the like, will be able to buy control units outright.

tinuous Combustible Gas Indicator not only for testing purposes, but for the continuous control of gas or vapor concentrations.

Photochemical Printer

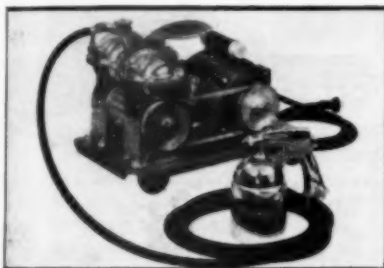
By EXPOSING a special sensitized stencil to the cool light of the new Mimeograph Photochemical Printer of A. B. Dick & Co., Chicago, one can copy any size line



drawing up to 7½ x 14 in., quickly for volume reproduction on a standard Mimeograph.

Twin-Cylinder Paint Spray

GENERAL MAINTENANCE and production work will be facilitated by the two portable, twin-cylinder Sprayit Series 500 Paint Spraying Units of Electric Sprayit Co., Sheboygan, Mich. One comes with



a ½-hp. electric motor as illustrated; the other with a ½-hp. gasoline engine. Both utilize a diaphragm-type compressor to insure oil-free air.

All-Steel Tow Bar

BOLTED quickly to the bumpers of two cars, the Wayne Tow Bar of Wayne Tool Co., Rochelle, Ill., enables the driver of

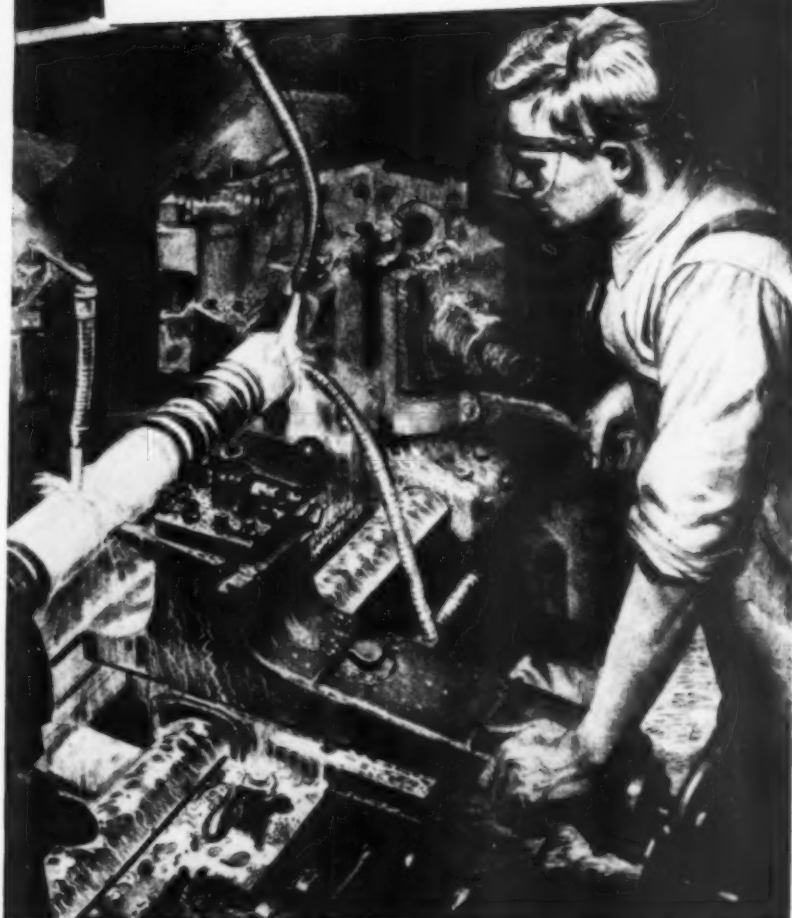


the front car to do all the steering. The chains in the picture are there only to comply with the law in Illinois and certain other states.

Non-Stop Tapper

WITHOUT SHUTTING OFF water, gas, oil, or other fluid, permanent connections can be tapped into main pipe lines

ONE
Good Turn
AFTER ANOTHER



Lithographed on steel by James E. Allen

ON HYATT ROLLER BEARINGS modern machine tools turn raw metals into finished parts...farm machines turn crops into profits...railroad car journals turn road beds into feather beds...automobiles turn highways into quiet ways. Here and elsewhere, in mill and factory, in mines, oil fields and on construction jobs, it's just one good turn after another, when the equipment you build or buy runs on these dependable bearings. Hyatt Bearings Division, General Motors Sales Corporation, Harrison, N. J., Chicago, Detroit, Pittsburgh, San Francisco.



HYATT

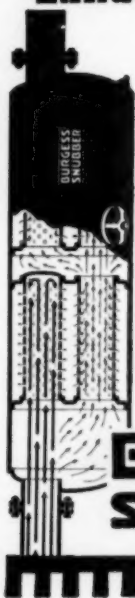
R O L L E R B E A R I N G S

QUIET



Installing Burgess Intake and Exhaust Snubbers in power plant at Sturgis, Michigan

How to Stop Diesel Exhaust NOISE



• Exhaust noise will stop instantly if you put a "Snubber" on your Diesel. The Burgess Snubber is no ordinary "muffler." It works on an entirely new principle. It does not silence noise . . . it prevents noise by snubbing the exhaust gases to low pressure and velocity.

Your Diesel plant can be made quiet with Burgess Snubbers.

Burgess Battery Company
Acoustic Division, Dept. B
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BURGESS SNUBBER

PATENTS APPLIED FOR

INCREASE YOUR ENDURANCE

You need more than normal stamina to stick it out when the going is tough. Increase your endurance...you'll get more fun, be less tired! Here's a new way to do it... and it works as well for women as for men.

Just take 4 envelopes Knox Gelatine daily for 2 weeks...then 2 a day for 2 weeks. After that, take as required.

Take it *regularly*. Keep a supply in your bathroom. Take in the morning when you get up, again at night...and *don't forget*.

Cost? Less than a pack of cigarettes a day.

Plain, unflavored Knox Gelatine (U.S.P.) is the only gelatine *proved* to increase endurance. Bacteriologically controlled to standards higher than certified milk. Sealed in sanitary envelopes, protected until you use them. Buy the familiar 4-envelope package, or the new 32-envelope money-saving package. Ask your grocer or write Knox Gelatine. Also send for Bulletin E. Knox Gelatine, Johnstown, N. Y. Dept. 82.

HOW TO TAKE: Empty 1 envelope (¼ pkg.) Knox Gelatine in ¾ glass of water or fruit juice, not iced. Let liquid absorb gelatine. Stir briskly . . . drink before it thickens.

ranging from 2 to 16 in. diameter with an S. & L. Utility Service Clamp of S. & L. Mfg. Co., 5501 Gramercy Pl., Los Angeles. Two halves clamp onto a main; a hole is drilled through an ingen-



ous valve which prevents loss of fluid. Here a bottle takes the place of a pipe for illustrative purposes only.

Coast-a-bout

A COMFORTABLE, welded-steel knee rest and four-ball bearing casters constitute the Coast-a-bout, "the scooter for scrubbing" or painting floors. Pinto Mfg. Co., 3550 Rohms Ave., Detroit, makes it to save labor, time, and knees for painters, janitors, maids, and housewives.

"Pipestiks"

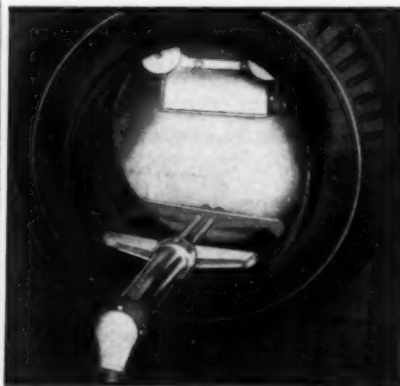
WITH A LITTLE PIPESTIK (1 in. long, ½ in. in diameter) thrust through the center of each pipe-load of tobacco, a smoker will find his pipe staying lit longer, with less juiciness and tongue bite. Pipestiks Co., 30 Irving Pl., New York, is the maker.

Wood-Steel Desks

TAKING the philosopher's "mean between extremes," Globe Furniture Co., P. O. Box 392, Grand Rapids, Mich., is introducing its new Michigan Office Desks with walnut exteriors and steel interiors. Walnut-faced drawers, for instance, are steel, running on ball bearings.

Tire Inspector

WHEN LARGE NUMBERS of pneumatic tires are to be inspected for inside cracks and breaks, the Nu-Matic Tire Spreader



comes in as a labor saver. As manufactured by Nu-matic Tire Spreader Co., 430 Baker Bldg., Minneapolis, the device is attached to an air hose. A controllable piston opens the tire to any degree desired, under an electric light.

TRUE DAYLIGHT!

Soft, diffused, IDEAL lighting for executive desks and for general office use; also for color matching in retail stores. Eliminates eye-strain on details. More light per watt—cooler light.



Priced As Low As \$10!

FLUORESCENT LAMPS

Many attractive styles and finishes. Floor stand with swinging arm, clamp-on styles—for unlimited use.

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LEADERS IN STYLE AND LIGHTING EFFICIENCY SINCE 1880

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Keep sales activities in sight with geographic records, charts, etc. Your stationer or map dealer will help you plan your systems.
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A BUSINESS WEEK REPORT TO EXECUTIVES



THE STREAMLINERS—AFTER SIX YEARS

On Feb. 12, 1934, the first high-speed, lightweight, streamlined train rolled out of the shops. Today, 73 of them, symbols of an era, ride the rails, and the Editors of *Business Week* report on results in selling a revitalized railroad industry to the public.

STREAMLINING—aeronautical and automotive designers made it an engineering fact, and the arrival of the streamline trains made it a merchandising asset for industry at large. Principles and applications of aerodynamic construction were old as the hills when the 'Thirties were born, but when the Union Pacific's M-10000 and the Burlington's Zephyr made their bow at the Chicago Century of Progress, something clicked in the mind of Mr. Average Man, and the streamlined era had arrived.

Since then almost every industry—kitchenware, caskets, and corsets—has had its dose of "streamlining," authentic and otherwise. However, the railroads still remain symbolic of the new design

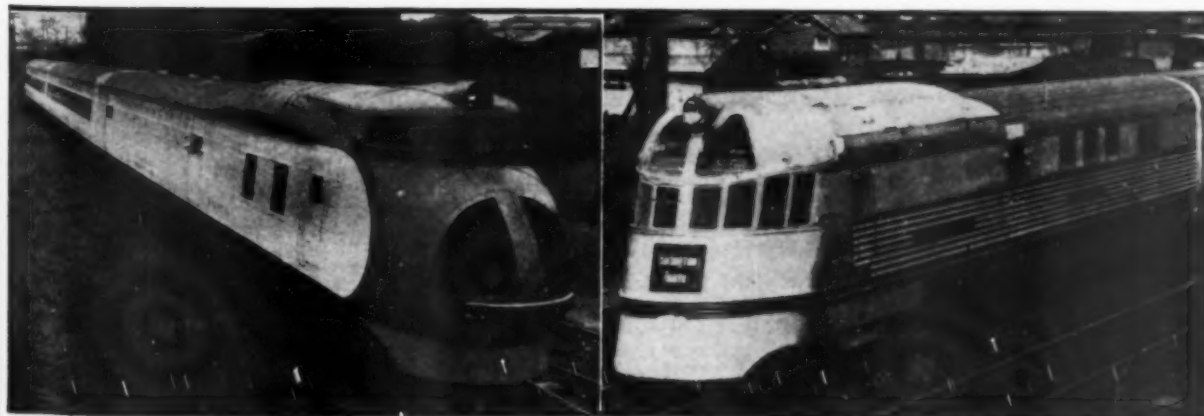
trend. Scores of new trains have been built, their exteriors styled to achieve the flowing simplicity of line that offers a minimum resistance to wind and their interiors constructed to reflect that same emphasis on flat surfaces. Thousands of other cars have undergone transformation in the railroad shops to eliminate Victorian gewgaws and simultaneously to install indirect lighting, improved accommodations, air conditioning, sound conditioning, better springing, and smoother riding, and all the other comforts and conveniences which the new trains boast.

Has streamlining paid? Perhaps the best answer to that question lies in the steady increase, year by year, in the streamlined equipment which the roads

have put on the rails. And the *raison d'être* of the streamliner is perhaps to be found in the statistical fact that passenger revenues stood at \$873,564,246, in 1929, and by the time business had skidded to the depression bottom, they had dropped to \$329,341,930. It was then that the carriers turned to the streamliners, found in them a new merchandising tool. Although railroad revenues have lagged considerably behind general business during the recovery, they were back up to an estimated \$422,000,000 last year and enthusiasts assert that part of this is due to the streamliner.

A streamliner is more than just a high-speed streamlined train — a good

The Granddaddies of Them All



The City of Salina (M-10000), first to be built, and the Pioneer Zephyr, first in actual service.

International

deal more. There's no official definition, but railroad men recognize certain common characteristics. Most streamliners are lightweight trains. Their coaches are articulated, semi-articulated, or coupled tightly in such fashion that starting and stopping jerks are reduced; they usually roll on anti-friction bearings. They are likely to be pulled by Diesel-electric cars rather than steam locomotives. In a comprehensive report, issued this week, on the operation of such trains, Coverdale & Colpitts, New York consulting engineers, counted 73 which could properly be called streamliners.

The statistical data on costs, expenses, and revenues which the report contains constitute an impressive record, but no positive proof that any or all of the trains are more profitable than more conventional equipment. Railroad men will tell you that that issue isn't susceptible of any final resolution, for circumstances so vitally affect the equation. After all, no two trains of exactly the same passenger capacity, charging exactly the same rates for all seats, can ever run over the same route, through the same profitable and unprofitable transportation markets at precisely the same time. Nevertheless the report does provide some interesting grist for the statistical mills in railroad headquarters, and it does, after all, cover 73 streamliners, which is 73 more than there were six years ago this week.

Under Construction

EIGHT new streamliners are being built at the present time for inauguration of services as well as expansion of existing facilities this year. The following will go on their runs at various times in 1940:

Road	Run
CHICAGO, BURLINGTON & QUINCY Texas Zephyrs (2 trains) (Tenth) Zephyr	Denver-Fort Worth-Dallas
C. & NW— UNION PACIFIC City of Los Angeles (Second)	Lincoln, Neb.- Kansas City (to supplant Pioneer Zephyr)
C. & NW— U.P.— SOUTHERN PACIFIC City of San Francisco (second)	Chicago-Los Angeles (to replace first City of Los Angeles)
NEW YORK CENTRAL Mercury	Chicago-San Francisco
SOUTHERN PACIFIC The Daylights (2 trains)	New York-Chicago (to supplement Mercury already running)
	San Francisco-Los Angeles

The streamliner that boasts the highest net passenger revenue per train mile is the Southern Pacific's 14-car train, The Daylight, which earned \$3.85 in 1939. The Daylight now runs two heavily loaded sections daily on a substantially faster schedule than that operated by the train of conventional equipment which made the same daylight run between San Francisco and Los Angeles for many years—and which carried only a dribble of passengers compared with today's torrent. Burlington's two Denver Zephyrs together earned a gross revenue of \$2,077,444 and a net revenue of \$1,530,155—the largest gross and net for any of the streamliners.

Other Side of the Story

Railroaders who are operators of conventional equipment, however, declare that they can show figures just as good or even better for some individual trains. Comparisons of net operating revenues, if they were available, might tell still another story. Operators of streamliners frankly admit that their pets have been given only the heavy cream runs of their roads—which obviously boosts their showings. They have always contended that because of their lighter weight and greater efficiency they could turn in a better earnings record than conventional equipment on the same gross take.

Despite the splash of publicity which streamliners made when they entered the picture, train manufacturers found it a relatively hard job to sell them to the industry in the early days. Salesmen say that railroaders, like bankers, are leery of investments that may bring in 70% returns. The Pioneer Zephyr, purchased by the Chicago, Burlington, & Quincy in 1934, paid for itself in 20 months. But still companies have hesitated.

A Merchandising Formula

Now, however, streamlined trains are no longer the unpredictable risk they once were. Roads are placing orders at the rate of two, three, or four complete trains at a time. The streamliners in many instances have proved that they mean lower fares and excellent accommodations to the public, and more passengers, increased income per dollar of investment, and reduced operating costs to the railroads. And they mean more in advertising and goodwill for the carriers than can be estimated.

Streamlining of modern passenger trains operates according to a simple formula—eye-appealing design, split-second schedules, and comfort. That the formula has been successful is evidenced by the increases in number of passengers cited by streamline enthusiasts. Much of the traffic, they say, comes from the highways, while other new passengers are attracted by the luxurious accommodations.

Consider the case of the Milwaukee, the Burlington, and the North Western roads and the streamlined services they

How to Use—and Not Use—the Table Opposite

WITH THE EXCEPTION of the data shown in the sixth column on the source of the electrical equipment for the Diesel-electric streamliners, all facts and figures on the 73 high-speed, lightweight, streamlined passenger trains, shown in the table opposite, are published in the report just issued by Coverdale & Colpitts, New York consulting engineers. No allowance for interest, depreciation, taxes, insurance, and terminal rentals was made in computing the net revenue and expense figures.

In the last fiscal year, the two Daylight trains operated by the Southern Pacific between Los Angeles and San Francisco rang up the highest net revenue per train mile of any streamliner in the country—\$3.853. The cost of operating the two 14-car Daylight trains, exclusive of dining and buffet service, figures out to \$1.451 per train mile.

No. 2 streamliner, from the point of view of net revenue per train mile, was the Milwaukee road's afternoon Hiawatha, operated between Chicago and the Twin Cities. On a per mile basis, net revenue for the two 9-car trains figures out to \$3.20 and the expense to \$1.042.

Tempting as sweeping generalizations may be, any conclusion from these data that either train "did better" than the other might well be disputed. The difference in the accounting methods used by the various railroads would alone be sufficient to invalidate exact comparisons of the records of any of the 73 trains shown in the table.

It should also be remembered that different trains operate different routes through transportation markets of different population density. Finally, account must also be taken of the fact that the trains are not of any standard length; more cars per train mean not only that more passengers can be carried but that the operating cost will be increased. This should be borne in mind in any consideration of the expenses shown in the next to the last column; the length of any given train can easily be computed by dividing the number of trains, shown in the first column, into the total number of cars, shown in the second column.

have inaugurated between Chicago and the Twin Cities with six high-speed, lightweight trains, operated independently. These roads contend from their own investigations that relatively few of the passengers who are riding these streamliners come from standard trains, yet there are approximately 2,000 pas-

Streamliners Roll Up a Record

(See Explanatory Notes in Box on Page 47)

Trains	Number of Cars and Builder	Material Used	Type of Power	Power Unit*	Electric Power Equipment*	Average Speed (m.p.h.)	Operation Begun	Passenger Miles, 1939†	Expenses per Train Mile, 1939‡	Net Revenue per Train Mile, 1939§
Atchison, Topeka & Santa Fe										
Chicago and Kansas City	14 Budd	Stainless	D-e	E-M	GE	58	4 17/38	39,359,659	\$0.699	\$1.002
El Capitans (2 trains)	10 Budd	Stainless	D-e	E-M	GE	56	2 22/38	51,083,841	.661	1.240
Golden Gates (2 trains)	12 Budd	Stainless	D-e	E-M	GE	54	7 1/38	48,392,319	.748	.599
San Diego	7 Budd	Stainless	D-e	E-M	GE	50	3 23/38	23,810,959	.953	.768
Super Chiefs (2 trains)	7 Pullman	Cor-Ten	D-e	E-M	GE	56	5 18/37	36,148,511	.770	1.608
Atlantic Coast Line										
The Champions (2 trains)	14 Budd	Stainless	D-e	E-M	E-M					
Baltimore & Ohio										
Capitol Limited	Equipment converted from conventional cars in company shops.		D-e	E-M	W	NA				
Columbian			D-e	E-M	W	NA				
Royal Blue			D-e	E-M	W	NA				
Baltimore & Ohio — Alton										
Abraham Lincoln	8 A.C.F.	Aluminum	D-e	E-M	GE	56	6 24/35	28,324,267	1.019	1.990
Ann Rutledge	8 A.C.F.	Cor-Ten	Steam	Co.		56	7 26/37	22,328,867	.978	1.401
Boston & Maine — Maine Central										
Flying Yankee	3 Budd	Stainless	D-e	E-M	GE	62	4 1/35	10,240,044	.525	.762
Chicago, Burlington & Quincy										
Denver Zephyrs (2 trains)	24 Budd	Stainless	D-e	E-M	GE	64.8	11 8/36	93,940,068	.715	2.183
General Pershing	4 Budd	Stainless	D-e	E-M	E-M	55.8	4 30/39	NA	NA	NA
Mark Twain	4 Budd	Stainless	D-e	E-M	GE	55.8	12 20/36	10,361,825	.471	.224
Pioneer Zephyr	4 Budd	Stainless	D-e	E-M	GE	47	11 11/34	3,769,279	4.94	.685
Sam Houston	4 Budd	Stainless	D-e	E-M	GE	66.6				
Chicago, Milwaukee, St. Paul & Pacific										
Texas Rocket	4 Budd	Stainless	D-e	E-M	GE	66.6	10 1/36	15,973,562	.538	.352
Twin Zephyrs (2 trains)	14 Budd	Stainless	D-e	E-M	GE	66.6	12 18/36	61,950,611	.625	1.303
Chicago, Milwaukee, St. Paul & Pacific										
Afternoon Hiawathas (2 trains)	18 Co.	High Tensile Steel	Steam	Alco		63.1	5 29/35	61,972,661	1.042	3.200
Morning Hiawathas (2 trains)	20 Co.		Steam	Alco		53.9	1 21/39	12,051,656	.986	1.909
Chicago & Northwestern										
The "400's" (2 trains)	20 Pullman (Replaced 14 conventional cars, Sept. 24, 1939)	Cor-Ten	D-e	E-M	E-M		1 2/35	39,344,540	1.108	1.043
Chicago, Rock Island & Pacific										
Chicago-Peoria Rocket	4 Budd	Stainless	D-e	E-M	GE	53-60	9 19/37	19,024,563	.563	1.060
Chicago-Des Moines Rocket	4 Budd	Stainless	D-e	E-M	GE	53-60	9 26/37	24,687,830	.508	1.385
Kansas City-St. Paul-Minneapolis	6 Budd	Stainless	D-e	E-M	GE	53-60	9 29/37	22,121,515	.503	.785
Rockets (2 trains)	8 Budd	Stainless	D-e	E-M	GE	53-60	11 15/38	14,070,777	.441	.479
Kansas City-Dallas Rockets (2 trains)	8 Budd	Stainless	D-e	E-M	GE	53-60				
Rocky Mountain Rockets (2 trains)	6 Pullman	Cor-Ten	D-e	E-M	E-M					
Florida East Coast Line										
The Champion	7 Budd	Stainless	D-e	E-M	E-M					
Henry M. Flagler	7 Budd	Stainless	D-e	E-M	E-M					
Gulf, Mobile & Northern										
New Orleans-Union, Miss. Rebels (2 trains)	7 A.C.F.	Cor-Ten	D-e	Alco	W	35	7 29/35	7,600,000	.444	.194
Mobile-Union Rebel	1 A.C.F.	Cor-Ten	D-e	Alco	W					
Illinois Central										
Green Diamond	5 Pullman	Aluminum	D-e	E-M	GE	60	5 17/36	11,751,210	.712	.598
Missouri Pacific										
Eagles (2 trains)	12 A.C.F.	Aluminum	D-e	E-M	(IGE) (1W)					
New York Central										
Mercury (a second Mercury will be in service soon)	9 suburban cars rebuilt in company shops		Steam							
Commodore Vanderbilt	Semi-streamlined, semi-lightweight equipment being put in use gradually. Pullman Co. has ordered 50 cars from Pullman-Standard Car Co. to be put into operation on the N. Y. Central New York to Chicago services.		Steam							
Southwestern Limited			Steam							
Twentieth Century Limited			Steam							
New York, New Haven & Hartford										
The Comet	3 Goodyear-Zeppelin	Aluminum	D-e	W	W	60	6 5/35	4,868,000	.863	.360
North Western — Union Pacific										
City of Denver (2 trains)	22 Pullman	Aluminum	D-e	E-M	GE	66	6 18/36	68,924,102	1.092	1.026
City of Los Angeles (first)	11 Pullman	Aluminum	D-e	E-M	E-M	58	5 15/36	28,885,017	1.208	1.141
City of Los Angeles (second)	14 Pullman	Aluminum	D-e	E-M	GE	58	12 27/37	36,545,395	1.690	1.425
City of Portland	8 Pullman	Aluminum	D-e	E-M	GE	58	6 6/35	20,962,222	.872	.477
North Western — Union Pacific — Southern Pacific										
City of San Francisco	14 Pullman	Aluminum	D-e	E-M	GE	57	1 2/38	41,058,291	1.625	2.427
The Forty Niner	6 rebuilt		Steam			46	7 8/37	18,340,826	.773	1.070
Pennsylvania										
Broadway Limited	Semi-streamlined, semi-lightweight equipment being put in use gradually. Pullman Co. has ordered 50 cars from Pullman-Standard Car Co. to be put into operation on the Pennsylvania New York to Chicago services		Steam							
General			Steam							
Liberty Limited			Steam							
Spirit of St. Louis			Steam							
Reading Company										
The Crusader	5 Budd	Stainless	Steam			55	12/13/37	NA	NA	NA
Seaboard Air Lines										
Silver Meteors (3 trains)	21 Budd	Stainless	D-e	E-M	E-M	52.3	2 2/39	20,126,000	.793	1.985
Southern Pacific										
The Daylight (2 trains)	28 Pullman	Cor-Ten	Steam	Lima		48.3	3 21/37	127,121,322	1.451	3.853
The Sunbeams (2 trains)	16 Pullman	Cor-Ten	Steam	Alco		60	9 19/37	8,728,442	.718	.318
Union Pacific										
City of Salina	3 Pullman	Aluminum	Butane-electric	Co.	GE-W	56	1 31/35	7,256,004	.643	.070

Data from "Report on Streamline, Light-weight, High-speed Passenger Trains," published by Coverdale and Colpitts, Consulting Engineers.
 * E-M—Electro-Motive; Alco—American Locomotive; Lima—Lima Locomotive Works; W—Westinghouse; GE—General Electric; Co.—Company Shops.
 D-e—Diesel-electric. NA—Not available. † For year ended June 30, 1939.

sengers a day who use the new equipment. Part of the increase comes from people who formerly used buses or their own cars; the rest from people who previously had not traveled between the two points at all or who are disposed to make more trips since the new service was installed, the records show.

The new trains are pleasant to ride in; they are pleasant to look at; they are clean and comfortably air-conditioned. And one passenger satisfied, the roads find, passes the good word along in traditional grapevine style.

That the trains are good advertising for the railroads is shown by the receptions accorded the streamliners on the goodwill tours they customarily make before being placed in regular service. The new Henry M. Flagler, on such a trip in Florida, appeared before 75% to 90% of the entire populations of towns on its route.

In Southern California, the railroad tracks are lined with entire families on Tuesday and Friday nights, waiting for

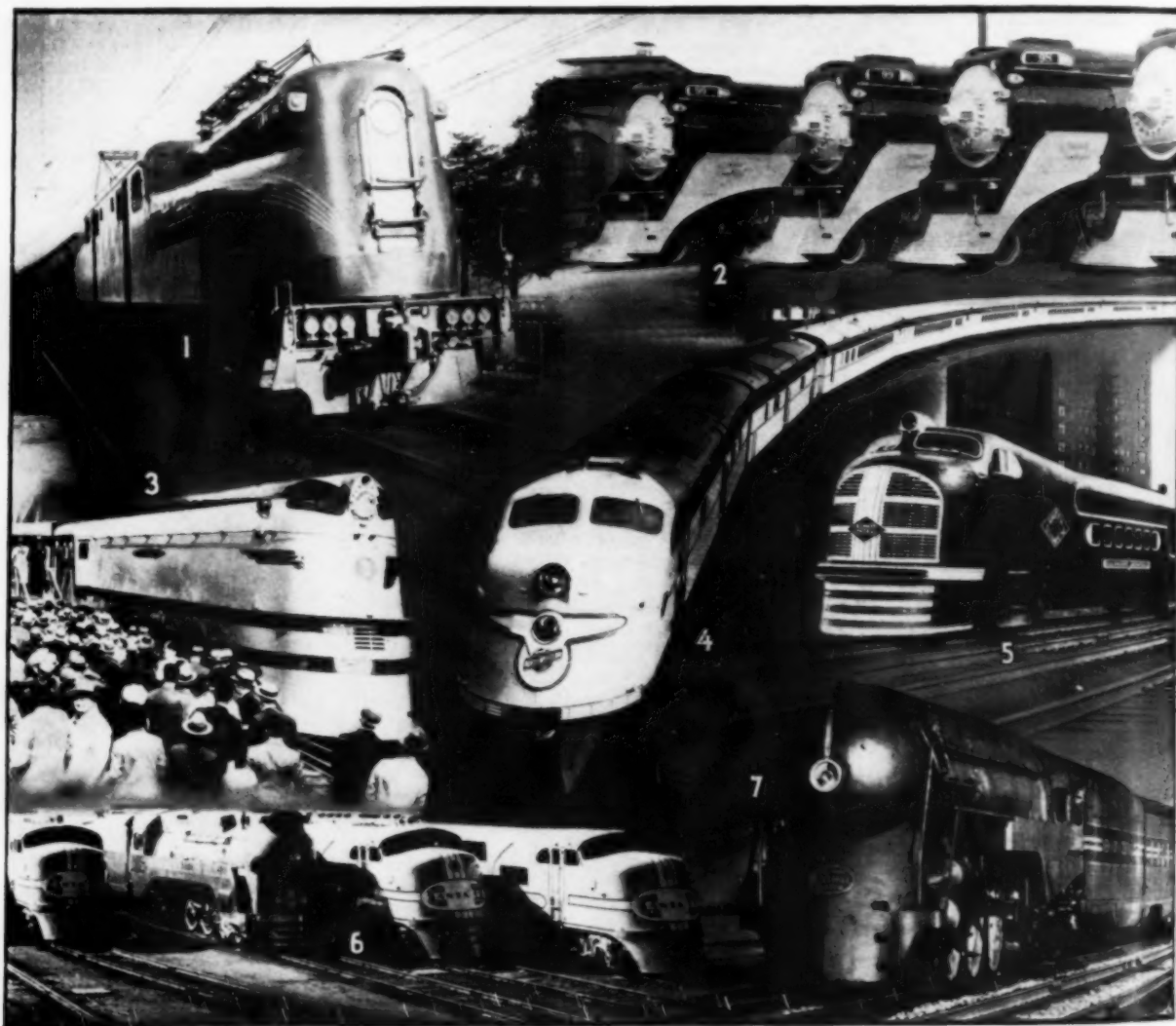
the 50-second show when Santa Fe's sleek streamliner, The Super Chief, flashes through town on its way from Los Angeles to Chicago.

The streamliners probably have fostered more interest in railroading than any other one thing since the opening of the first transcontinental line in 1869. The Union Pacific's M-10000 first rolled out of the Pullman shops at Chicago on Feb. 12, 1934, went to Washington on the first lap of a goodwill tour that covered the East, and the West, and concluded at Chicago's 1934 Century of Progress. (At the same fair in 1933 Pullman displayed one streamlined aluminum-alloy car, the George M. Pullman, which today is running on the substitute City of San Francisco). The aluminum-alloy M-10000, shortly after the show closed in 1934, was rechristened City of Salina and was put in regular Union Pacific service in Kansas.

Edward G. Budd Mfg. Co.'s stainless steel Zephyr (since renamed Pioneer Zephyr) rolled from Budd's Philadelphia

shops in April of 1934. It also made a goodwill tour ending up at the 1934 Chicago Fair, and by entering the Chicago, Burlington, & Quincy's regularly scheduled service on Nov. 11, 1934, won unquestioned title to the distinction of being the first streamliner in regular service. It also was the first to be pulled by a Diesel-electric power car; the City of Salina has spark plugs and burned distillate up to last year when the fuel was changed to Butane. Budd had built a lightweight stainless steel train for the Pennsylvania in 1932 and buttresses its claim to pioneering with this fact. But as far as the general public is concerned, streamliners didn't arrive until the Union Pacific and Burlington trains appeared on the scene.

Of the 73 high-speed trains identified as bona fide streamliners in the Coverdale & Colpitts report, 31 complete trains have been constructed by Budd, 22 by Pullman, 7 by the American Car and Foundry Co., and 1 by the Goodyear Zeppelin Corp. (reorganized last month



Streamlining on parade: (1) Locomotive designed for speed on Pennsylvania's electric lines; (2) Southern Pacific's Daylight engines; (3) unveiling Number One for Milwaukee's Hiawatha; (4) North Western's 400;

(5) Illinois Central's Green Diamond, ready for the Chicago-St. Louis run; (6) the Santa Fe's fleet [left to right—El Capitan, The Chief, the Super Chief, the second El Capitan]; (7) New York Central's Twentieth Century.

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as the Goodyear Aviation Corp.), which built one train and then promptly retired from the field. The rest have been built in company shops and reconditioned from conventional cars. Pullman and Budd have each built parts of whole trains, and Pullman has made the claim that it is responsible for 70% of all lightweight, streamlined cars.

The Pullman-Standard Car Mfg. Co. has built a substantial number of its trains of aluminum alloy and bases its sales efforts on the fact that this is the lightest structural material in use. It also uses a low-alloy, high-tensile steel (generally referred to as Cor-Ten, which is Carnegie-Illinois Steel Corp.'s trade name) which costs much less than aluminum alloy or stainless steel and for which is claimed double the strength of ordinary steel. Budd, on the other hand, points to its 18-8 stainless steel (18% chromium, 8% nickel), as the strongest structural material known, and also credits it with the highest resistance to impact of any material—an impact re-

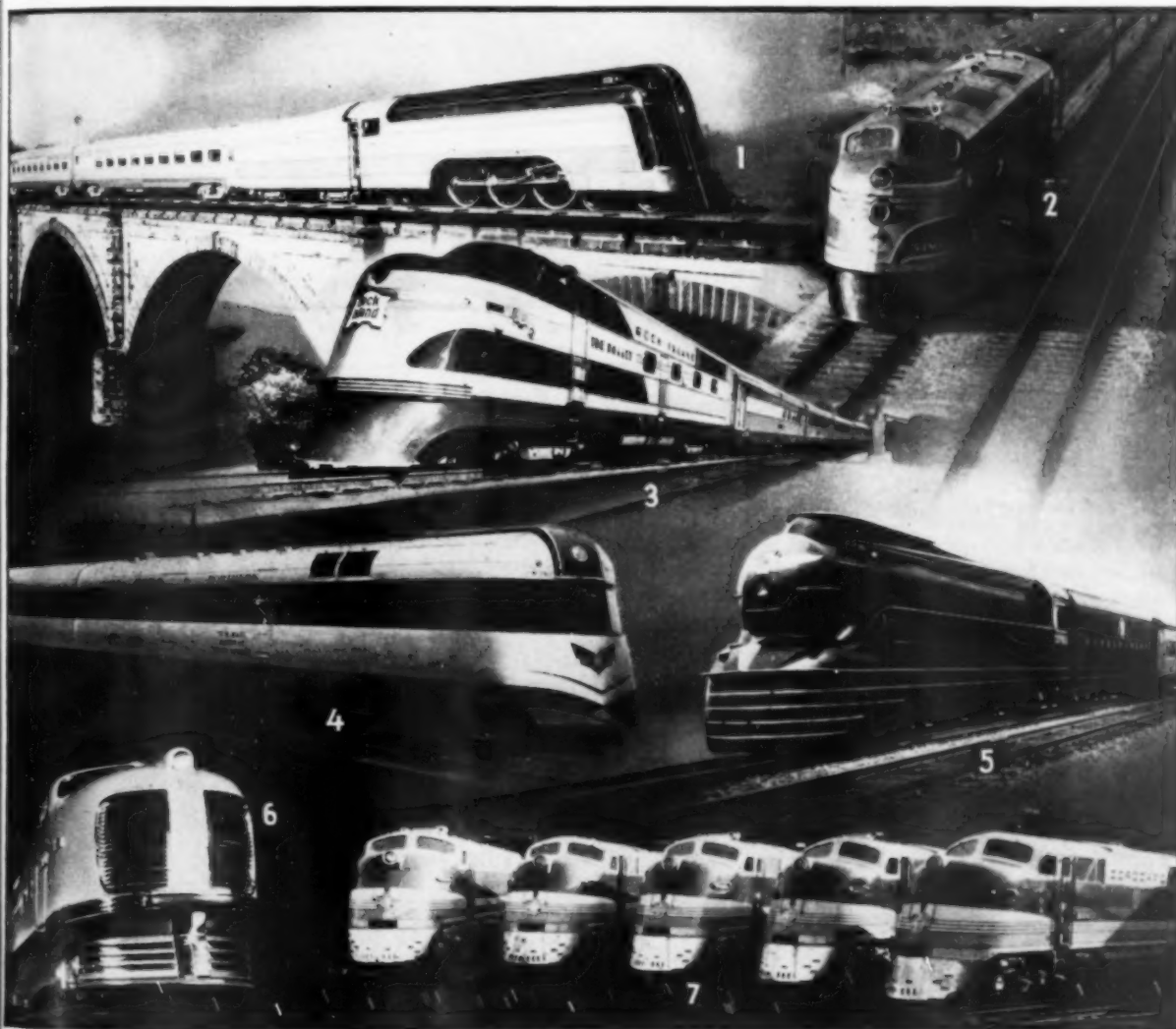
sistance that does not fall off at low temperatures.

Speed—the stock in trade of all the streamliners—accounts for their success as much as any other factor. The Union Pacific's City of Portland, built by Pullman, established a record in trial run which still stands when it traveled from Los Angeles to New York in 56 hours and 55 minutes. The Denver Zephyr, second of the Budd trains and which now runs between Denver and Chicago, ran for 12 hours, 7 minutes, and 52 seconds at an average speed of 83.69 miles per hour and hit a top speed of 116 m.p.h. It operates on a schedule which calls for an average speed of 67 m.p.h.—a figure that is not much higher than the average running speed of most of the streamliners.

Important to both the manufacturers and the railroads is the matter of design. When the streamliners were first developed, designers undertook to eliminate air drag by putting long sloping tail ends on the trains and sloping car walls in-

ward as they rose. But the railroads found not only that passengers wanted an observation end, but that as trains were lengthened, sloping ends were not so important as far as wind resistance was concerned. Likewise passengers wanted an appearance of interior roominess. So the designers made their first changes by squaring off the rear end and running car walls straight up. Engineers, moreover, soon found that true streamlining was not as important to efficient operation as they originally thought, because of the tremendous power of modern engines and because of the low center of gravity that could be incorporated into the design of the cars. The term "streamlining" thereby lost much of its engineering significance and has come to conform more to what the public thinks it should mean—as much simplicity, comfort, beauty, glamour, and allure as possible.

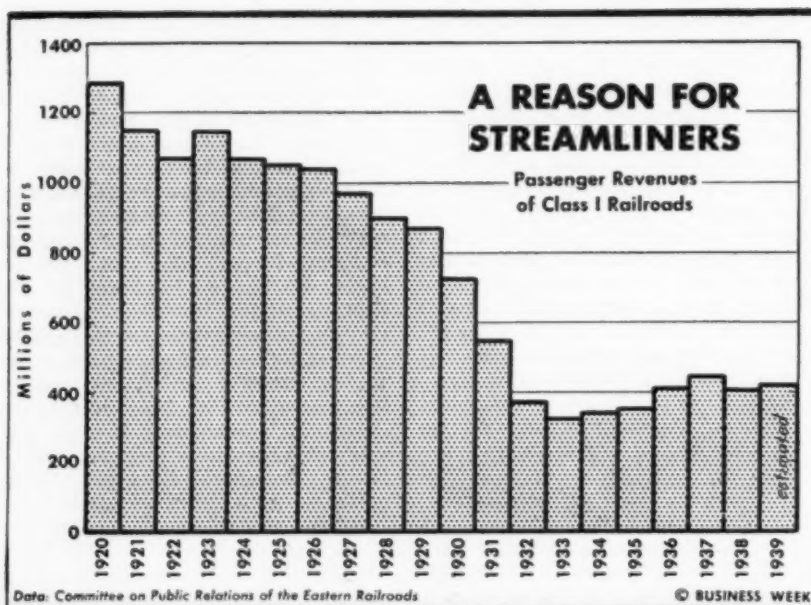
In its progress from a scientific origin to a merchandising destiny, railroad streamlining took one more step when



In the streamline-up: (1) Reading's Crusader poses on a bridge; (2) for the Florida East Coast run, the Henry M. Flagler; (3) a Rocket sweeps down Rock Island rails; (4) in the deep South, the Rebel for the Gulf,

Mobile & Northern; (5) Pennsylvania streamlines steam power for the Broadway Limited's western runs; (6) the City of Denver, jointly operated by Union Pacific and North Western; (7) Seaboard's Diesel-electric fleet.

Louis run;
the Super
eth Century.



The decline in net passenger revenues for Class I railways, which started in 1920, turned the railroads' attention to merchandising principles. Out of the search for devices to stop the decline have come many

developments—an important one of which is streamlining. Dollar volume figures are not, however, an exact index of passenger traffic, for they do not show changes in rates which have been made since 1920.

it abandoned articulated trains. Articulation involves the building of trains as complete units so that the cars are semi-permanently joined structurally, without use of customary coupling devices. The first were built this way, but the railroads soon found that they had to be able to cut cars in and out depending upon daily volume of passenger traffic. Having the necessary heavy-duty cranes on hand for the job proved an expensive and unwieldy procedure. Consequently, trains are now composed of individual cars with improved couplers that are closer to the conventional than to the articulated train joints.

Modified to Facilitate Repairs

Still another authentic streamlining feature that soon went by the boards was the sheathing built around the under-side of cars to reduce air resistance. Expense figures went up when it was found that mechanics, making repairs, had a hard time removing the sheath and putting it back into position. Now, a shell going only part way around the underside is put on, so that the trains appear as streamlined as formerly, but trucks, axles, brakes, wheels, generators, and underside equipment are easily accessible.

Streamlined cars, on an average, weigh from 100,000 lb. on up. Conventional cars with air-conditioning equipment weigh 150,000 lb. and up. Therefore, with an engine of sufficient horsepower to pull 10 standard cars or 1,500,000 lb., railroads can couple 15 of the streamlined coaches, derives the same

efficiency from the engine, and add as many as 200 passengers.

Manufacture of streamlined trains is a huge undertaking. Like automobiles, they are constructed on a line production basis, which reaches widely varying peaks and lows, as orders come in. For

example, two months ago, six seven-car trains were being built at the same time at Budd's Philadelphia plant; the week after they were completed, activity dropped to work on a few cars for the Pennsylvania and Santa Fe. Within the next few weeks, Budd expects again to operate at full capacity.

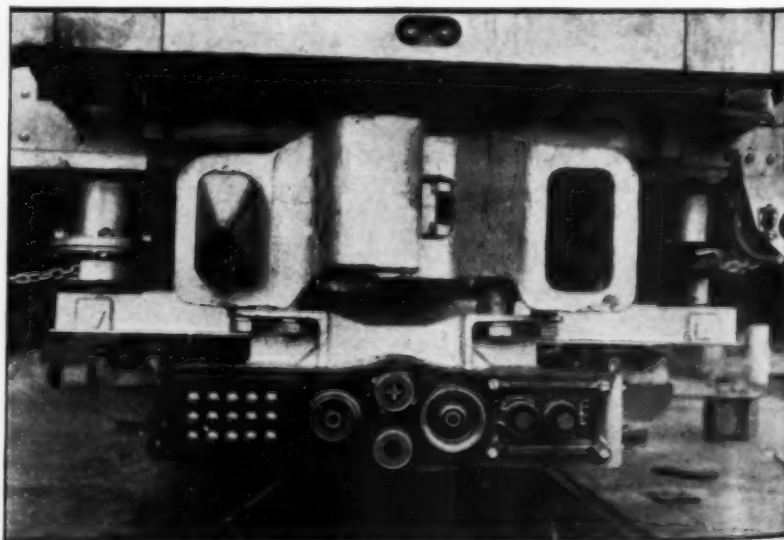
Budd was faced with peculiar problems when it started to make stainless steel trains. It solved them by cold-rolling "18 and 8" stainless steel to secure a tensile strength of 157,000 lb. per square inch and by devising a means of putting the metal together without subjecting it to welding processes in which the heat would destroy both the stainless quality and the tensile strength.

Inspected by Machine

By this process, which Budd calls "shot-welding," sheets of steel are clamped between two electrodes and given a shot of electricity comparable to an artificial bolt which lasts only about $\frac{1}{100}$ of a second. Welds of this type cannot be inspected by the human eye, so Budd, like some other welders, uses a special recording machine—this one of Budd's own devising. If the machine finds that a weld is not up to pre-determined specifications, a bell rings and the operator cannot continue until he makes that specific weld.

Pullman-Standard Car Mfg. Co. makes its structural parts chiefly of low-alloy, high-tensile steel, in thin formed shapes. It puts stainless steel skins on cars for those customers who want them to augment stainless steel fleets. It builds aluminum alloy cars for such customers as

For Economy As Well As Comfort



New coupling devices on the streamliners help to end the familiar bang and jerk of starting and stopping trains. Automatic train line con-

nectors (above), for steam, air, and electricity, permit tighter joining of cars and makes coupling of the newest trains easier in the switchyards.

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The railroads have styled the streamliners according to a merchandising formula—eye-appealing design, greater comfort, and lower cost to the passenger. A spacious drawing room (left, above) provides maximum comfort at top fare. The lounge car (center) is a roomy spot for the socially-minded traveler, and a good observation

post for the tourist. Two connecting double bedrooms (right, above) are included in the recent designs for streamlined sleeping equipment. Deep chairs (left, below) permit lower fares without any loss of comfort. Passengers eat low-cost meals (right, below) at an attractive traveling lunch counter.

Union Pacific which started on the aluminum alloy cycle. And it builds low-alloy, high-tensile steel cars for Pullman Co. and for most of the roads which are not committed to any particular metal. Pullman engineers and factory men are proud of the many processes which they devised to meet special construction problems, such as spot-welding steel side sheets to the side structures of cars from the frame side in such fashion that there is a minimum of marking on the sheet.

There are two types of power available—steam and Diesel-electric. (Only the Pennsylvania Railroad has progressed with an electrification program to the point where electric power is a third choice.) Today a Diesel-electric locomotive without fancy gadgets or extra equipment or excess-cost materials sells for about \$87 per h.p.; the steam equivalent, \$93 per h.p. Diesel proponents agree that the Diesel can start faster, run upgrade faster, but run no faster on the level than can steam motive power. Where a steam engine must stop for fuel and water every 300 miles, a Diesel carries fuel to run at least twice

as far, they point out. Their figures also show that thermal efficiency of Diesels is around 35% as compared with 8% for a good steam engine. Oil for the latter costs 2¢ to 3¢ per gallon; for a Diesel, 4¢ to 5¢. Both variations in price depend on the locality. Their conclusion is that the Diesel is approximately four times as efficient but on doubly expensive fuel, giving a money cost half as much for Diesels as for oil-burning steam engines, and where coal is cheaper than oil, they recognize that the Diesel fuel cost may shrink proportionately.

Diesel's biggest advantage according to its boosters, lies in what the railroads call "availability." A steam locomotive can run a maximum of 200,000 to 300,000 miles in passenger service before it must be laid up for heavy repairs. Union Pacific's City of Denver, a Diesel installation, has run 1,050 miles per day for more than three years, has run up over 1,000,000 train miles, and has never been in the shop. A Diesel-electric can be practically rebuilt by working on it between runs, and in the early days, trains carried mechanics in the power

unit to do such major jobs as replacing sleeves while the train was hitting high speeds over the rails. This could be done by shutting down one of the motors wherever less power was needed such as on level stretches.

General Motors' Electro-Motive Corp. which paces the field in building Diesel-electric power units for the streamliners, constructs, in most cases, the entire body of the locomotive as well as installing the power. And in the instance of the Flying Yankee, it built the entire train, coaches and all, under contract to Budd. The American Locomotive Co. and Baldwin Locomotive Co. also have entered the Diesel field.

Electrical equipment for the power units in many of the Diesel-electric streamliners has been supplied from the beginning by General Electric and Westinghouse, and—more recently—by Electro-Motive Corp.

The development of the streamliner era has increased the number of precautions necessary to safeguard travelers. Much more can happen in any given minute at 100 m.p.h. than can at 50 m.p.h. But

with careful scheduling and proper precautions, the roads have encountered few difficulties in this regard. To date, there have been only two accidents of streamliners which have resulted in fatalities. The safeguards have been put on efficiently.

Railroad men are every month studying streamliner statistics that gain in authority as they lengthen—cost sheets, maintenance sheets, revenue sheets. What these show is good. One weighty fact that stands between the railroads and a shift-over to lightweight trains is the fact that they have 40,000 standard cars which are good for years of service. These cars cannot be summarily scrapped and the investment jettisoned just because a better kind of car has been developed since they were built.

Keeping Up With the Joneses

Today the railroads are operating 73 of the new trains, with more in the offing. Streamliners have risen to the same estate in American railroading as have automobiles in American family life; they have become a necessity even for someone who is broke. Presidents of solvent systems complain that receivership trustees win a federal judge's consent to buy lightweight equipment more easily than they themselves can wheedle similar deals through their own boards of directors. Now, with railroad earnings sharply upward, there is every reason to expect a good many streamliners to be ordered soon.

Meanwhile, one indisputable fact emerges from the battle of statistics. The streamliner has made of railroad men in 1940 more aggressive, ingenious, and result-getting merchants than anyone back in 1930 dared to hope they might ever be again.

MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

Bond Refunding Gains Favor

Bethlehem Steel's plan to sell \$102,000,000 issue focuses attention on industry's opportunity to save by borrowing at 2½% and 3%.

ATTENTION of industrial and financial leaders this week was caught by the market for new bond offerings, largely as a result of Bethlehem Steel's intention to issue \$102,000,000 of refunding bonds, probably at an interest rate of 3%. This unusually large piece of business brings to slightly over \$200,000,000 the volume of new offerings scheduled to come onto the market within two months.

Of primary interest to the corporate executive is this illustration of the fact that leading industrial concerns once again are able to refund existing obligations by means of long-term debt at such phenomenally low interest rates as 3%. A dozen years ago an industrial borrower, favored by the high profits which then prevailed, was lucky to get long-term mortgage money at 4½% or 5%.

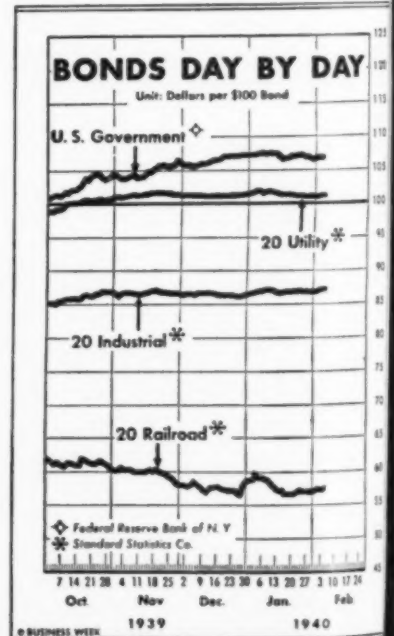
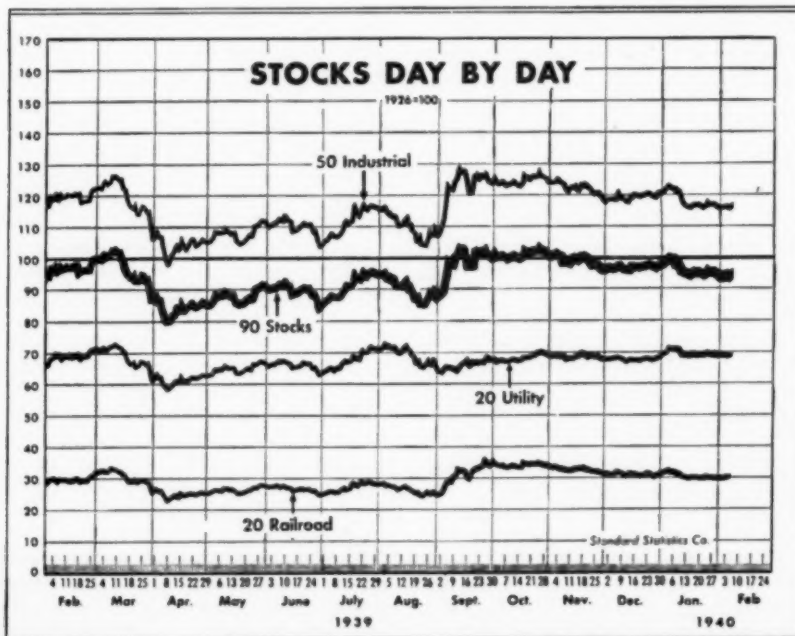
As recently as two and three years ago, many far-sighted executives jumped at the chance of refunding high-rate bonds at 3½% and 3¾%. Now there is a large volume of business under active negotiation around 2½% and 3% to refund those very 3½s and 3¾s which were sold in the full belief that there would never come

a day when they could be replaced at lower coupons.

The story, of course, is as old as the New Deal's easy-money policy. It is clearly traced in the long climb of all the high-grade bond averages. Standard Statistics' average of utility bonds (see chart below) is fairly typical of the high-grade market for industrials as well as utilities, and it hit its peak early last August at 102.8.

Thereafter the bond market had one of the severest setbacks in recent years, with this average dropping to 97 on Sept. 5 just after the outbreak of the war. In the ensuing months, however, it has rallied to around 102 and currently it is just below that figure.

This recovery to within a shade of the highest prices (or, conversely, lowest interest rates) accounts entirely for the fact that bankers report corporate borrowers once more are keenly interested in refunding operations. Nevertheless, most of the business of the last three months has been in the public utility field, and there are hundreds of millions of power company refunding hanging on



the attitude of the Securities and Exchange Commission as administrative agency for the holding company law. The SEC's philosophies have been little clarified by its decisions on Consumers Power and Dayton Power & Light issues. (The Dayton P. & L. issue of \$25,000,000 was publicly offered on Thursday.)

Other large offerings pending include only two industrials—\$10,000,000 of 3% debentures for Skelly Oil and \$3,000,000 of first 3½s for Blaw-Knox. Utility issues to be marketed soon include \$16,000,000 of bonds and \$7,500,000 of preferred stock for Southwestern Gas & Electric; two bond issues totaling \$26,000,000 for Kentucky Utilities; \$10,038,000 for Northern Indiana Power, and \$7,750,000 for Marion-Reserve Power.

So far as domestic business and credit conditions are concerned, bond men look for no early turn in bond prices which would upset present offering plans. However, they grant that events abroad might precipitate a reversal in the market the effects of which would long be felt.

Copper for Nazis?

Russian "mystery" shipment starts rumor. It points way to an embargo dodge.

COPPER MADE THE HEADLINES this week in its venerable rôle of vital material of war. Press association wires first flashed the news that United States ships had transferred 5,000 tons of the red metal to a Russian vessel at Manzanillo, Mexico, and that the Red ship had left at once for Vladivostok. Almost at once it was concluded that this copper had started the long journey to Germany via the Trans-Siberia railway.

Copper people in this country frankly didn't know whether or not the metal was destined for the use of the Nazi war machine. Neither did they have any very good guess as to why the Russians had gone to the trouble of picking it up in Mexico rather than at some port in the United States as has been the custom heretofore. About all anyone could say was that American producers recently have been reluctant to book Russian orders for fear the "moral embargoes" against the U.S.S.R. would be extended from aluminum and molybdenum to include copper.

Krenlin Turns to U. S.

Russia for many years has been a net importer of copper. Prior to the war, the Soviets placed their orders in London's "world" market rather than in the United States. Now, however, the London Metal Exchange is practically out of the picture due to the British method of mobilizing supplies, and the Empire is producing almost exclusively for Britain and France.

Under the circumstances, Russia has turned in an increasing degree to the United States. During November, it is

estimated that the Soviets ordered some 22,000 tons of copper here—either domestically mined metal or that sent into this country under bond to be refined and re-exported. No one pretends to know whether this buying has been wholly to supply Russian needs, but it has been so assumed up to the present, due to the fact that Russia doesn't mine enough to meet even its own peacetime needs.

This "mystery" created some excitement among American copper consumers this week. Experienced observers, however, felt that it had no real significance marketwise since few if any Russian orders are being put on the books now. The market, in fact, took a further dip on top of reductions of the last few weeks.

If the transshipment of the cargo in Mexico means anything, these experts are inclined to think it means moral embargoes won't stick. Business men are likely to sell their wares regardless of artificial restrictions.

FINANCIAL ANGLES

Picking on Morgan?

WALL STREET had somewhat sardonically decided that the Securities and Exchange Commission was concentrating its fire on Morgan Stanley & Co. in the demand for arms-length dealing between investment bankers and public utilities which want to sell bonds. A few days ago, however, the SEC called upon Dillon,

Read & Co. and Northern Natural Gas to show that there had been arms-length dealings in the arrangement of the gas company's financing. So it's now clear to the financial community that the lightning can strike any place and anybody. Yet observers doubt that the Dillon-Read operation would have drawn scrutiny if recent Morgan-Stanley flotations hadn't so stirred up the commission.

Men of Money, Arise!

THE WOES of Wall Street again have the center of the financial stage. The volume of trading on the New York Stock Exchange in 1939, totaling only 262,016,000 shares, was the smallest in some 13 years. Transactions in January of this year dwindled to 15,991,000 shares, the lowest since the early 1920's (January of 1929 accounted for 110,804,000). As a direct result of this shrinkage in business, the value of New York Stock Exchange seats has fallen to \$48,000, the poorest price since 1918 and an interesting contrast with sales above \$600,000 prior to the "dividend" of a quarter of a membership for each member in 1929.

Hard times in the financial world have created white-collar unemployment and a serious real estate problem. Recently there has arisen a drive in New York City for remedial action. To aid in the fight the Employees Committee of Lower Manhattan was formed this week. This group is led by the Association of Customers' Brokers (familiarly, customers' men). It hopes to help in arousing wider

Industry Reports on the War Boom

SCOPE OF THE BUSINESS UPTURN which got under way last May and accumulated momentum from September through December is presented in the earnings tabulation below. Results of the year, as compared with 1938, are of general interest, but to the

financial community the nature of the gain in the fourth quarter—after the war boom was fully felt—contains the key to earning power in the near future. The final quarter demonstrated which lines were gaining and which losing under war-time conditions.

	Quarter Ended			Year Ended	
	Dec. 31, 1939	Sept. 30, 1939		Dec. 31, 1939	Dec. 31, 1938
American Steel Foundries	\$1,178,981	\$75,191	d-\$340,507	\$1,368,514	d-\$1,750,235
Atlantic Refining	1,903,552	1,774,539	380,252	5,028,000	4,310,659
Atlas Powder	467,295	381,929	267,319	1,299,137	1,013,056
Bethlehem Steel	13,028,928	5,377,470	3,658,160	24,638,384	5,250,239
Caterpillar Tractor	2,103,735	1,585,775	1,163,608	6,004,890	3,235,709
Dome Mines	1,063,739	1,041,432	1,043,387	4,109,991	4,226,691
Du Pont	50,420,420	22,926,709	18,902,509	93,218,664	50,190,827
Freeport Sulphur	1,162,551	383,216	247,255	2,200,762	1,506,059
General Ry Signal	153,059	130,822	d-14,210	247,593	d-133,352
Harbison-Walker	952,100	518,200	352,134	1,869,000	736,434
Hercules Powder	1,678,431	1,377,091	1,120,381	5,324,992	3,089,016
Island Creek Coal	698,620	455,490	374,938	1,586,121	1,016,840
Mathieson Alkali	471,235	288,722	296,512	1,095,962	999,475
Mullins Mfg.	27,593	d-2,088	d-155,359	143,185	d-614,825
National Steel	5,292,331	2,903,881	2,753,156	12,581,636	6,661,652
Republic Steel	6,772,693	2,815,339	308,612	10,671,343	d-7,997,825
Savage Arms	119,929	155,185	27,873	349,307	60,434
Skelly Oil	994,537	609,327	676,632	2,360,783	2,630,054
Standard Brands	2,253,446	1,543,488	2,531,251	7,356,308	8,721,305
Sunshine Mining	904,343	879,108	662,412	3,176,339	3,653,936
U. S. Steel	28,835,282	10,420,445	4,394,454	41,226,039	d-7,717,454
Westinghouse Air Brake	1,356,439	630,249	1,502,652	2,765,629	993,816
Westinghouse Elec & Mfg.	4,784,550	2,731,025	2,839,951	13,854,360	9,052,773
Youngstown Sheet & Tube	3,693,225	765,066	90,108	5,004,484	d-658,934

d—deficit

consciousness of the many restrictions which hamper the financial markets.

Protecting the Public

EVERYONE CONCERNED would welcome some plan that would safeguard funds of brokers' customers, but every suggestion so far has fallen a good bit short of perfection. Recently the New York Stock Exchange has again been studying the familiar idea of setting up a reserve fund to compensate the public for losses entailed through failure of a member firm. This step, advocated by the so-called public examining board (BW—Sep 9 '39, p 20), is attractive enough, but there remains the problem of how to raise the money. Volume of stock exchange business being what it is, neither Big Board members nor member firms can afford to contribute. Hence the special committee

Atlas Corporation

Dividend No. 14

on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending February 29, 1940, has been declared on the 6% Preferred Stock of Atlas Corporation, payable March 1, 1940, to holders of such stock of record at the close of business February 20, 1940.

WALTER A. PETERSON, Treasurer
January 29, 1940.

Tire Sales Highest Since 1929

RUBBER MANUFACTURERS may not have received prices to their complete liking for tires last year (page 36), but they at least could throw their hats in the air about volume. Sales of original equipment casings to the automobile manufacturers rebounded sharply from the very low 1938 figure, replacement shipments to dealers were the best since 1931, exports were normal, and the whole business adds up to 56,975,044—best mark since 1929.

Moreover, the manufacturers succeeded very well in holding their production close to sales volume for the year as a whole, despite the sharp fluctuations in business which characterized 1939. Total output, at 57,077,969 casings, was approximately 103,000 in excess of actual shipments. The result is that manufacturers' inventories of completed tires stood on Dec. 31 at the relatively low figure of 8,688,215. This compares with a year-

end inventory of 11,114,000 tires on Dec. 31, 1936, the last time that a year closed with business activity at anything like the rate which marked the end of 1939.

Despite the fact that dealers bought about 7,000,000 more tires in 1939 than in any of the three preceding years, they too closed the year with stocks on hand approximating the figure which appears to be pretty close to their normal requirement. Dealer stocks of 7,010,000 casings at the beginning of the new year are a shade lower than comparable totals two and three years ago but half a million higher than a year ago. Combined inventories of dealers and manufacturers at the close of the year were 15,698,000 casings.

Statistics on factory sales and stocks at the end of the year, compiled from Rubber Manufacturers Association estimates, compare:

(Tire Shipments by Rubber Manufacturers)

	To Automobile Manufacturers	To Dealers	For Export	Total	Stocks on Hand End of Year
1936	21,446,114	30,866,586	1,072,799	55,362,739	11,114,399
1937	22,352,601	29,886,326	1,246,461	53,485,388	10,383,235
1938	10,716,130	30,565,008	1,048,934	43,132,302	8,451,590
1939	18,164,441	37,536,608	1,273,995	56,975,044	8,688,215

This announcement is under no circumstances to be construed as an offering of these Bonds for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offer is made only by means of the Prospectus.

New Issue

\$25,000,000

The Dayton Power and Light Company

First Mortgage Bonds, 3% Series Due 1970

Dated January 1, 1940—Due January 1, 1970

Price 104% and Accrued Interest

Copies of the Prospectus may be obtained in this State from only such of the undersigned as may legally offer these Bonds in compliance with the securities law of this State.

MORGAN STANLEY & CO.
Incorporated

W. E. HUTTON & CO.

SMITH, BARNEY & CO.

HARRIMAN RIPLEY & CO.
Incorporated

BONBRIGHT & COMPANY
Incorporated

WHITE, WELD & CO.

MELLON SECURITIES CORPORATION

UNION SECURITIES CORPORATION

KIDDER, PEABODY & CO.

Dated February 8, 1940

which is examining the plan has circulated the memberships to find out (a) whether a favorable vote could be obtained on an increase in commission rate to fill a reserve fund or (b) if members can think of any other means to raise a total of perhaps \$5,000,000.

Utility Simplifies

FOLLOWING COURT APPROVAL of its plan of reorganization, Utilities Power & Light currently is in the process of selling shares of some of its utility operating properties. Last week trustees for the company asked the federal court in Chicago for permission to sell its holdings of Indianapolis Power & Light, a former subsidiary, for some \$15,000,000; it is awaiting SEC approval to sell its holdings in two other operating companies for \$1,600,000. This is in line with its intention to convert its status from a holding to an investing company (BW—Nov 11 '39, p 50).

Another Job for the SEC?

WHO IS TO BE TRUSTEE in bankruptcy for Associated Gas & Electric? The Securities and Exchange Commission has been urged by the Department of Justice and the Treasury to act. Yet the commission would rather not, for a variety of reasons. So the court has delayed hearings until Mar. 8 to give the commission time to decide. Meanwhile, the SEC may determine whom to recommend if the job is to be given to someone else.

BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

Canadian Roads Buy

Last year's big equipment orders will be supplemented with new rail business after election.

OTTAWA (Business Week Bureau)—Canadian business continues to expand more on the impetus of preparations for war orders than because of war orders themselves.

Canadian railroads had the best January since 1930 with Canadian National's January gross 30% ahead of 1939, and Canadian Pacific's up 14% to 49% on a weekly basis.

Inquiries have been received and quotations asked on further car orders for the Canadian railroads. Last fall, the government ordered \$25,000,000 of railroad equipment—1,600 box cars, 500 flat cars, and 100 automobile cars from Canadian Car & Foundry Co.; 1,075 box cars from Eastern Car Co.; 1,000 box cars, 200 refrigerator cars, and 10 mail and express cars from National Steel Car Corp.; 22 locomotives from Canadian Locomotive Works; and 27 locomotives from the Montreal Locomotive Works. All of these orders were placed under arrangements whereby the equipment was to be turned over to the railroads in return for equipment trust certificates.

Deliveries of the cars will be completed by early spring, locomotives by fall. New orders probably will be placed immediately after the federal elections on Mar. 26 (BW—Feb 3/40, p. 51) so that car plants will have continuous production during the summer.

Noiseless Cars Make Good

Street railway companies are also making improvements. Last year, using specially designed welded trucks with tubular frame, cast-steel cross members, and rubber mountings imported from the United States, Canadian Car & Foundry Co. built eight modern, noiseless cars for the Toronto street railways. These have proved so successful that more are to be ordered immediately.

In line with the expansion of heavy industry in the Dominion, Steel Co. of Canada is going ahead with construction of a tin plate dipping mill and storage plant which had been held up since September because of readjustment to war conditions.

Settlement by compromise of the two-year-old tax dispute between the City of Montreal and the chain store companies appears imminent. Early in 1938, the city imposed a tax of \$1,000 a store on all companies operating more than 10 stores in the city. Bills for \$150,000 were sent

out, but last year only \$17,000 was collected.

Since the enactment of the tax measure, the chains have closed many stores, some of them as many as half of their stores inside the Montreal city limits. Also, the chains, with two exceptions, combined to fight the tax in the courts, promising to take the litigation to the Privy Council in London if necessary. Latest move by the city is to appeal to the chains to name a tax which is reasonable and which they would be able to pay. A compromise appears to be in the offing.

Radio Politics Curbed

Canadian Broadcasting doles out 12 hours, 45 minutes for campaign oratory of all parties.

OTTAWA (Business Week Bureau)—Canadian radio listeners will be the big winners in the current federal election no matter how the contending parties fare in the voting. Canada's public-service broadcasting system is saving their eardrums from being blasted by election orators.

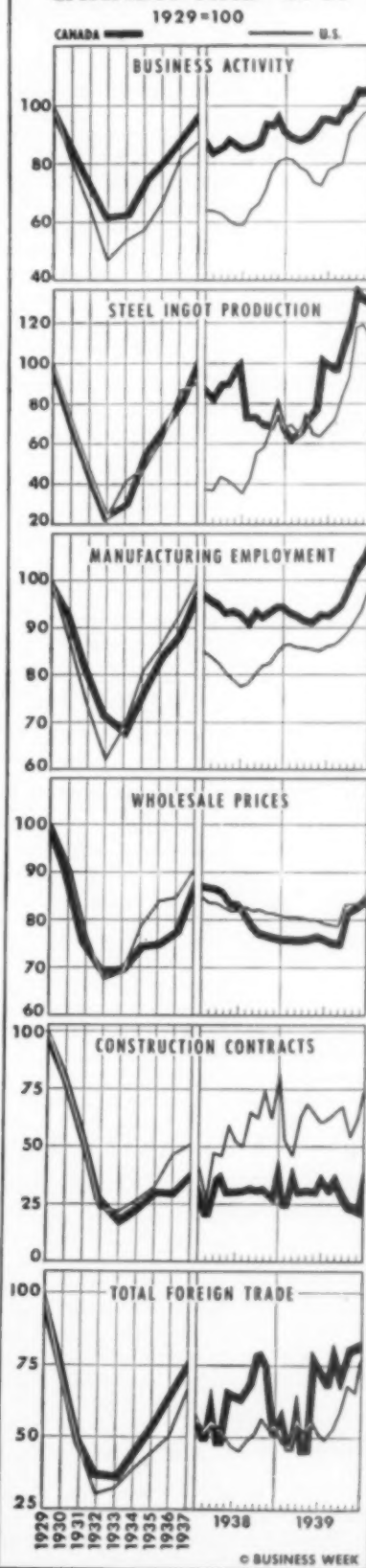
By agreement among Canadian Broadcasting Corp. and the various party organizations, the entire time allowed for election speaking by all parties on CBC networks is 12 hours and 45 minutes. It is apportioned among the parties in accordance with the averages of the popular vote in the last two federal elections. This gives the Liberals under Mackenzie King (the government) 5½ hours, the Conservatives under Dr. Manion 4½ hours, Commonwealth Federation 1½ hours, and Social Credit 1½ hours.

The entire time is donated free by CBC and the parties are not allowed to buy extra time on CBC networks or stations. No new parties will be given time. All election broadcasts over CBC will be from studios. Addresses at election meetings will not be carried.

Relief for the Listeners

The arrangement is also a gain for private commercial stations. The parties are allowed to buy all the time they can pay for over private commercial networks provided the hookup is confined to single provinces. The two main parties are contesting for time on the private stations. Listeners who don't want to hear their speakers can turn to CBC, where entertainment will be interrupted by campaign speeches for only about 1½ hours a week from now until the elections on Mar. 26.

TREND OF BUSINESS CANADA AND U. S.



Poles to Feed Reich

Germany promises to import million workers to aid farmers in keeping up production.

BERLIN (Cable)—Germany's ability to withstand a long blockade is directly related to the ability to maintain its present agricultural production level. In the months just before the war, the country was struggling to keep its imports of necessary foodstuffs down to 20% of total consumption. A high birth rate (470,000 a year) and high industrial wages made supplies deficient even in peacetime.

Because of a labor and fertilizer shortage, the Reich's agricultural output declined 20 to 30% between 1914 and 1918. The "New" Reich is taking steps to prevent such a fateful shortage again.

The problem calls for prompt handling because there is already an acute scarcity of farm hands. Before the invasion of Poland, nearly 1,000,000 young agricultural workers had deserted farm work for higher wages in the munitions and building trades. To replace them, the government has now promised farmers 1,000,000 Polish laborers. They are destined to play the same role Russian prisoners played in Germany during the last war.

Could Mobilize "Shock Troops"

The most available labor source the Nazis have is the all-embracing youth organization which could—in a pinch—provide the farmers with their million workers, but they would be young and untrained hands.

More intensive use of agricultural machinery seems to be impracticable. In 1939 farmers spent twice as much on new machinery and tractors as in 1933, but now the supplies of agricultural machinery will probably decline as industry is diverted for other purposes. The horses and gasoline it would take to operate machinery are also lacking and agricultural experts generally are leery of mechanization because a shortage of fuel might then prove to be the most serious bottleneck in the Reich's food production.

Russia Supplies the Phosphate

As far as fertilizers are concerned, Germany is in a stronger position now than in 1914. The great industry to make nitrogen from air was created during the last war and never was able to do more than serve military purposes. Today farmers are assured of normal nitro-fertilizer supplies and even more than normal requirements have been guaranteed in Austria and the Sudetenland. Supplies of potash are abundant in Germany, since the export trade in this fertilizer has been stopped. The Reich depends upon Russia for phosphate, however.

The import of feedstuffs from South-eastern Russia is indispensable for main-



Most colorful figure in the new Japanese cabinet is Ginjiro Fujiwara, Minister of Commerce & Industry. Seventy-one and amiable, Mr. Fujiwara lords over the pulp, paper, rayon, and chemical industries of Japan. President of the Ohji Paper Mfg. Co., Ltd., last year he organized a subsidiary, Pacific Oil Co., to swap Japanese goods for Mexican, Peruvian, Iranian, Iraqi and Rumanian crude oil. Since he is a proponent of the idea of boosting exports at the expense of consumption at home, curtailment of domestic silk consumption will probably be among his first official acts.

tenance of the present herds of livestock. Polish agriculture is so disorganized now that the best anyone hopes is that the country will be able to feed itself.

New Japanese Policy?

Dr. Chu's statement in Japan Review stirs speculation on course in China.

TOKYO (Business Week Bureau)—Dozens of small freighters loaded with coal were headed for Japan this week, but before they arrived the country's fuel supplies had fallen so low that power plants even in the great industrial region around Kobe and Osaka, were forced to shut down for more than 14 hours (BW—Jan 20 '40, p. 52).

Huddled in cold rooms lighted only with sputtering candles, hundreds of war-weary Japanese were startled when they picked up their *Japan Review* and read in it an amazingly outspoken article by Dr. Chu Min-yi, right-hand man to Wang Ching-wei, the Chinese political rebel whom the Japanese would like to make the head of a new Tokyo-controlled government in Nanking. Wrote Dr. Chu:

"Under the slogan 'Industry for Japan and Agriculture for China,' Japan at-

tempted (before the outbreak of the present incident in 1937) to see agriculture developed in China to provide her with vast quantities of raw materials, while Japan was to ship large amounts of industrial goods in return. A Sino-Japanese Trading Association was to be established with a view to dominating the Chinese market.

"If the Japanese plan had materialized, China would have been destined to remain an agricultural nation forever, while all economic benefits would have accrued to Japan. . . .

"Japan's plans have neither succeeded nor been abandoned. Attention is directed to acts of injustice which are being committed in that part of China which has been occupied by the Japanese army.

No Chance for Chinese

"There is the Central China Development Co., a Japanese semi-government organization in Central China. This concern operates in a wide area, and the concessions which are operated by it are beyond the limits of all international law. Under the wing of this monopolistic company are springing up a multitude of small enterprises, each of which is enjoying monopolistic rights. It is almost impossible for Chinese to join these concerns since an extremely low appraisal is made of the assets which they are willing to bring into the enterprise.

"According to reports, there is not a single Chinese corporation in the whole of the occupied area. The result of this state of affairs is the crowding into the foreign concessions in such centers as Tientsin and Shanghai of Chinese industries which have fled from the Japanese-occupied areas."

The most amazing thing about the article is that it was printed in a widely-read Japanese magazine. Cynics say this is mere propaganda to show the Chinese that their new leaders are allowed to air their grievances. However, a growing group believes recent manifestations of Japanese open-mindedness on the China question are due to a change of attitude.

If this is so, Washington's firm demand that Japan show immediately that there is room for Western business as well as Japanese on the mainland has come at an opportune moment.

Venezuelan Tires

Latin American industrialists and Akron company conclude deal for plant.

FOR THREE MONTHS, two small groups of political and business leaders representing the United States and various Latin American countries have been meeting in Washington. One group is trying to find some way to increase Latin American exports to the United States and to build up industries at home. The other

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group has been working on a plan for a \$100,000,000 bank which will help provide capital to build up trade between the countries in the Pan American Union.

The bank project calls for stock investment by each of the 21 republics in the Pan American Union. The United States, Argentina, and Brazil are each to take \$5,000,000 worth, and the other nations smaller amounts ranging down to \$500,000. Purpose of the bank would be to make loans to governments or private businesses, provided they were guaranteed by that government; to act as a clearing house for financial deals between these nations; and to help in any way possible to stabilize the currencies of the nations in the Western Hemisphere.

Just the Kind of Deal Wanted

While these groups were conferring in Washington, several United States business leaders were in Venezuela negotiating just the sort of deal which the Pan American committees hope to stimulate. A rubber company with an initial capacity of 50,000 tires a year is to be built in Venezuela immediately. Half of the capital is being subscribed by the General Tire & Rubber Co. of Akron, Ohio, and the other half is being provided by 16 of the leading industrialists of Venezuela who also will have 50% of the voting rights.

The deal was negotiated by Miles M. Sherover, president of the Hanover Sales Corp. The General Tire & Rubber Co. will have complete supervision of production. More than \$200,000 of equipment is being shipped from the United States. Six engineers from Akron are on the way to Venezuela now.

Similar deals may be negotiated in other South American countries. Reports that Colombia has recently approved legislation which permits freer movement for capital that has entered the country since July, 1936, and that Mexico has just created a fund to guarantee returns from capital invested in its new industries impress Latin American enthusiasts.

WAR BUSINESS

REGULATIONS · WAR ORDERS · TRADE CONDITIONS

F.D.R. Moves In on War Orders

Morgenthau is putting White House authority behind priority for airplane engine makers. Foreign buyers must wait in line. British orders far under French.

A SECOND STEP was taken by the White House last week to control war business. Secretary Morgenthau, acting in his month-old capacity as liaison between the President and the interdepartmental committee to deal with foreign purchases of war supplies, invited leaders of the machine tool industry to Washington and asked them to give priority to all orders for tools from American companies which build airplane engines. The first move came in December when Secretary Morgenthau was designated by the President to see that Allied buying of planes did not interfere with our own soaring Army and Navy plane purchases or with domestic orders for commercial planes.

Rumors are a dime a dozen in Washington about why Secretary Morgenthau was selected for this particular job. The Secretary claims no expert knowledge of machine tools, in fact opened last week's friendly and informal talks with the question: "Now, just what is a machine tool?"

Guess of the insiders in Washington is that it doesn't sound as warlike if the Treasury Department handles the problem for the present as it would if everything was transacted by War Department officials, for that inevitably would revive talk about the moot Industrial Mobilization Plan (BW—Oct 7 '39, p 48). Also, it is evident to those who have talked to the Secretary recently that he is less than adamant now on the question

of tax allowances for depreciation and obsolescence on plant expansions being urged both by the Allies and our military authorities. His new position will keep him thoroughly informed of both military demands and industry's practical problems.

Business Falls in Line

Both moves by Washington for priority deliveries have brought prompt voluntary cooperation from the industries involved. In the case of the machine tool industry, it is understood that individual builders have the authority of Washington behind them now in giving full priority to orders from airplane engine manufacturers. These are mainly Pratt & Whitney at East Hartford, Conn., and the Wright Aeronautical Corp. at Paterson, N. J. Pratt & Whitney is completing a \$1,000,000 factory extension based on guaranteed orders from the Allied buying missions in this country. Equipment (including the machine tools on which Secretary Morgenthau is hastening delivery) will cost an additional \$3,000,000.

After the engine manufacturers, the indicated order of priority is, first, the domestic buyers, then Allied and neutral Europeans, then Japan, and finally Russia. Both Tokyo and Moscow have for several years been among the best customers for American tools. There are approximately 250 machine-tool builders in the United States, but about 150 of them



The committee which will coordinate U. S. government and Allied purchasing in this country—Secretary of the

Treasury Morgenthau; Capt. Harry E. Collins, director of procurement, Treasury Dept.; Maj. Gen. Henry

Gibbins, Quartermaster General of the Army; Rear Admiral Ray Spear, Paymaster-General of the Navy.

Wide World, Harris & Ewing

1939's War Buyers

BY PRESIDENTIAL proclamation (Sept. 25, 1935), the State Department became the clearing house for the export of such implements of war as guns, grenades, gas, and aircraft. Licenses were henceforth required for the shipment abroad of weapons listed in this proclamation. Out of \$204,556,000 in licenses issued in 1939, about \$191,776,000 or 93.75% was for airplanes, airplane engines, and equipment (bomb racks, gun mounts, and torpedo carriers). Since only \$102,298,000 in war implements was actually exported in 1939, about half of the orders for which licenses have been issued are still in the works.

In 1939 each of the following 15 foreign countries or dependencies was the declared destination of \$1,000,000 or more in armaments:

	December total	1939 total
France	\$15,056,000	\$122,120,000
England	67,000	20,991,000
Australia	7,265,000	11,470,000
Canada	2,909,000	6,001,000
Sweden	4,578,000	5,895,000
Netherlands	16,000	5,738,000
China	6,000	5,063,000
Finland	3,155,000	4,487,000
Mexico	50,000	3,410,000
Turkey	3,175,000
Netherlands		
Indies	19,000	2,411,000
Brazil	66,000	1,665,000
Rumania	1,295,000
Argentina	1,000	1,170,000
Russia	108,000	1,178,000

do 95% of the business which, in a normal year amounts to about \$100,000,000. Big machine-tool centers are Milwaukee, Rockford, Cleveland, Cincinnati, and half a dozen towns in Massachusetts and Connecticut.

Except for continued heavy French orders, there has been no important shift in war buying in this country since the beginning of the year. December licenses issued by the National Munitions Board (see table) show that France was the big buyer of licensed materials in 1939, with purchases of more than \$120,000,000, compared with less than \$40,000,000 for the three big buyers within the British Empire—England, Australia, and Canada.

London Watchfully Holds Back

British buying authorities in Ottawa and New York are now completely organized but orders are not coming from London except in relatively small amounts. A part of this hesitancy is undoubtedly due to the fact that Britain has been turning out its own war equipment in record quantities since 1937, while France—harassed with changing governments, labor troubles, and a "capital strike"—didn't really get under way until a year ago. Nevertheless, the delay

in British purchasing in this country now is believed by a few to strengthen the rumors that London still hopes to negotiate a peace before there is any offensive comparable to those in the last World War.

Other nations still have important buying missions in this country. The Argentine maintains a permanent aviation buying office in New York. Brazil has a special mission in this country representing the army, but also commissioned to buy for the Brazilian navy. Probably the most active of the smaller countries now is Sweden, which is buying both planes and machine tools.

Portugal has shown fresh interest in American railroad equipment recently, and may now utilize the balance of the Export-Import Bank credit which was granted last year (BW—Oct. 7 '39, p. 47). The Netherlands has had a buying mission in this country since September. Purchases range all the way from airplane engines to such raw materials as brass and antimony.

Soviet-Nazi Aid Grows

Pact takes on increased meaning as Russians ship cereals, fodder, oil, receive machinery.

Moscow (Cable) — Early skepticism about the importance of the Soviet-German plan for economic collaboration is being dissipated. In Moscow this week there is a feeling that the Kremlin is nearly ready to announce a far-reaching scheme that will boost the trade turnover between Germany and the Soviet Union even above the peak figures of 1931.

People in Moscow who should be in a position to know say that Germany is already receiving large shipments of fodder and cereal grains. To this, Russia has added fairly large shipments of cellulose. Finally, oil shipments are being pushed now at a rate which should boost deliveries for the first war year to nearly a million tons.

In addition, the Russians have agreed

The War Week in Business

At Home

Shipping

War risk insurance coverage against the possibility of British seizure of cargo may soon be available—for Latin American runs. Risk on shipments to Europe outside the combat zone and the Far East is too great to make insurance practical, it is understood.

War Toll of Merchant Ships

	Total Through This Week (157 Days)	Total Through Week Before Last (143 Days)
No. Tonnage	No. Tonnage	No. Tonnage
British	155 581,388	144 538,272
French	16 67,112	13 58,742
Neutral	137 367,419	112 324,558
Total	308 1,015,919	269 921,572
German	27 141,615	26 140,017
Grand Total..	335 1,157,534	295 1,061,589

Trade Conditions

Both Amkino Corp., the only distributing agent for Russian films in the United States, and Intourist, Inc., which represented the Soviet State Travel Bureau in the United States and Canada, closed their offices this week.

The second monthly questionnaire on inventories is being prepared by the Bureau of Foreign and Domestic Commerce for distribution to 1,800 manufacturers. Companies have been selected as representative of the entire American manufacturing industry, and the bureau is attempting to get monthly figures. Results of the first inquiry have been tabulated.

The number of inquiries for credit information on customers abroad was 12% greater in January, 1940, than in the same month a year ago, according to the Foreign Credit Interchange

Bureau. The January figure was only 3% lower than the December total.

—And Abroad

Great Britain

As a result of Japanese protests, England has returned nine of the 21 Germans taken off a Japanese liner by a British warship last month; the nine were not of military age. The Japanese government has instructed its steamship companies not to accept any passengers who are citizens of a belligerent country and are of military age.

A special export council has been formed to spur England's exports—particularly to the Balkans. Members are 15 manufacturers, economists, and trade union leaders under the direction of Sir Andrew Rae Duncan, president of the Board of Trade. Extraordinary efforts will be made to fill export orders and to capture German markets that the Reich is no longer in a position to service.

Fresh meat will be added to the rationed foods list on Mar. 11. Sugar, butter, ham, and bacon are already being conserved. Weekly allotment of fresh meat for each person aged six or more will be between 1 and 1½ lb. Children under six will get half that amount.

Mexico

Mexico's popularity as a tourist center is on the upswing. It is impossible to get a hotel room in Mexico City now without making an advance reservation. American Express reports that its business in Mexico was up 215% in January as compared with the same month in 1939.

not to widen the gauge of the railroad running from Rumania through Russian-controlled Poland to Germany so that German rolling stock can be sent directly to the great grain elevators and oil storage plants in Rumania. Experts in Moscow insist that the Russians, if pressed, can spare 2,000,000 tons of oil for export, but they anticipate that Germany will place more reliance on Soviet cooperation in getting big oil supplies from Rumania.

Helping the Soviet Economy

In return for this economic aid to Germany, Russia is already receiving important supplies of machine tools, optical equipment, reflectors, projectors, chemical equipment, roadbuilding machinery, and processing equipment for the shipyards. Despite the large purchases of machinery from Britain and the United States in the past, nearly 60% of Russia's imported machines are from Germany. Huge replacements are being received for this equipment, much of which is now quite old.

Equally important from the Russian point of view is the technical aid that Moscow is beginning to receive from Berlin. Though the Soviet Union has reserves of almost every known raw material, many of them are not yet developed. This makes German research in the field of chemistry and metallurgy of special interest to the Russians.

Moscow hears rumors of plans for decisive military action along the Finnish front about the middle of February. Whether or not it comes then, the Kremlin is going ahead with extensive preparations for any eventuality. Since the outbreak of hostilities, 41,000 women have been taught how to drive tractors, and another 70,000 are being trained, so that men can be released from farm work to go to the front.

Finnish Loan in Doubt

Export-Import Bank funds have to be replenished before Finns can get more.

FINLAND has wanted to borrow money from the United States to purchase guns and planes ever since the Russian invasion began two months ago. Last weekend Hjalmar J. Procopé, Finnish Minister to the United States, cornered one of the outstanding opponents of a government loan to Finland, Senator Pat Harrison, but failed to change Harrison's mind in a two-hour confab.

Senator Harrison's opinion that a government loan would be an unneutral action is important because he is chairman of the Senate Finance Committee, which, with the Senate Foreign Relations Committee, has just approved a bill that would increase the funds of the Export-Import Bank by \$100,000,000. The E-IB—an institution that was originally set up

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to finance Soviet trade but has become a banking facility open to every country except Russia—probably would be the source of any further credits to the Finns.

A week after Russia invaded Finland, the bank lent the Finns \$10,000,000 for the purchase of ordinary civilian supplies in this country, but no war materials. About \$3,000,000 of the fund has been spent—\$500,000 in outright purchases and \$2,500,000 in commitments. Transactions have all been made through the Finnish American Trading Corp., which is headed by Dr. Julius Klein.

Others Besides Finland Involved

At present the bank has about exhausted its original fund of \$100,000,000. Since establishment in 1934 it has actually disbursed \$115,174,000, of which \$50,000,000 has been repaid. There are loans outstanding of \$65,243,000 and undisturbed commitments of \$59,096,000 (as of Dec. 31, 1939). In each of 15 countries loans of more than \$1,000,000 have been made, a circumstance which illustrates that much more than Finland's future is tied up in the bank's request for more money. In no case have any of the loan funds left the United States; they have merely been earmarked or used for rediscounting.

Insiders feel the supplemental appropriation for the bank will be somewhere between \$50,000,000 and \$100,000,000 and that legislation will not be rushed. Since the Senate committees suggested a \$20,000,000 top for loans to any particular country, the Finns would be limited to \$10,000,000 more, in view of the loan they have already received.

There is also a question whether this money could be used to buy implements of war. Jesse Jones, chairman of the RFC, has stated that if the Finns were to get a loan he would handle the credits on a commercial basis, extending funds only when repayment would be assured.

As an alternative for the Finns, Senator Harrison has suggested that they could float a bond issue in this country without violating our neutrality act, but Jones has expressed doubt whether any large amount of Finnish bonds would find a market now.

Americans Respond to Appeals

Meanwhile, private organizations have been raising relief funds for the Finns. The American Red Cross has appropriated \$250,000; Finnish Relief Fund, Inc., under Herbert Hoover, has cabled \$1,100,000 to representatives in Finland; Fighting Funds for Finland, set up a week or so ago to assist the Finns with money for military supplies, received \$8,000 in unsolicited contributions within the first 24 hours after its organization had been announced. Doylestown, Pa., has "adopted" the Finnish city of Turku and will raise money for its defense.

THE TRADING POST

Double-Barrelled Selling

EXCELLENT example of how to combine straight product selling with a public relations job for American industry is the Link Belt Company's booklet on "Link Belt Conveyors in American Industry."

A few of the points in the foreword:

"With a big capital investment in equipment to aid him—\$7,600 for each worker—the American is world's champion in the art of mass production and, because his fellow workers can buy the things he makes, the American enjoys a standard of living which is bewildering to peoples of other lands. . .

"The American standard of living has been raised over 400% since 1790, yet hours of work have been reduced from about 60 a week in 1890 to an average of around 40 today, and the number of jobs has increased faster than the swiftly growing population. . .

"In 1870, for each 1,000 of our population, 324 people were gainfully employed. In 1900 this number had increased to 383, and by the last national census in 1930 it had reached 398; notwithstanding a reduction in child labor (10 to 15 years of age) from 18.2% in 1900 to 4.7% in 1930. Of this remaining 4.7%, the great bulk is engaged in agriculture, and until farming has become as mechanized as manufacturing, will undoubtedly continue. . .

"In 1850, approximately 38% of the national income was distributed as wages and salaries. By 1909 this figure had increased to 54% and in 1938 it was approximately 66.5%, the highest on record. This is expressed in another way by our 118,000,000 insurance policies, our 42,000,000 savings accounts, and by more than 14,000,000 families living in homes that they own. . .

"The benefits of mechanized mass production are not limited to material things. One out of every three of our 1890 working hours has now been added to our time for amusement, recreation and study. Commercial amusements—motion pictures, theaters, clubs, radios and radio broadcasting—claim some \$2,250,000,000 and nearly \$1,000,000,000 is spent on games, sports, and outdoor life. No other people spend anything like this amount to increase their enjoyment of life. . .

"With a larger portion of our population in school than has any other country, America supports one-fourth of her entire population free from productive work but active in advancing our national knowledge. . . America spends more for education than all other countries of the world combined. . .

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ated wealth. American industries, already employing more people than in 1929, are spending \$750,000 each working day for research and development. . . to make things better, less expensive, in greater variety . . . to grow two, three, or even four new industries where only one grew before. Everywhere our industrial frontiers are changing. The farmer's soy beans have become automobile steering wheels; his sour milk, airplane propellers. Industry is now the largest customer of the farmer and science is increasing the demand every year. Farm and factory are working together as never before to produce new wonders; even better living for a steadily increasing number of our people. . .

Then Link Belt goes on with some 40 pages of pictures to show just how its conveyors have helped in these achievements and, incidentally, how they can continue to help wherever they are given a chance. Good selling for American industry . . . and for Link Belt.

"Mr. Uncertainty"

Down in Jacksonville the other day, 82-year-old Bion H. Barnett, veteran chairman of the Barnett National Bank, was sizing up for his stockholders what he saw in the current goings-on. In particular he was having a look at some of the uncertainties that are bothering investors just at this time. So concise was his summary that I'm repeating its substance here:

1. If our neutrality should fail and we should get into the war, what would our bonds—federal, state, corporation—be worth? So, should we invest in them now or wait and see?

2. The federal budget is still unbalanced. There's a growing feeling that the "lend-spend" policy has failed, but so far little has been accomplished toward keeping our expenses within our income.

3. How nearly ended is the trend of the government during the last seven years toward socialism? Can business plan ahead for five years with any certainty as to the kind of laws that will govern it?

4. The President and the Federal Reserve Banks still have authority to issue large amounts of paper currency; our silver and gold policies create large areas of economic uncertainty.

In his talk, Mr. Barnett recognized real improvement in many quarters: improved farm prices, heavier railroad traffic, increased industrial employment and retail trade. But, as he put it, he feels that "Mr. Uncertainty is still at large," and he suspects that the gentleman is lurking among those questions. **W.T.C.**

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BUSINESS WEEK

With Which Is Combined The Magazine of Business

February 10, 1940

Congressmen, Spare Those Figures!

EVER since Herbert Hoover left the White House, the Department of Commerce has been Washington's official stepchild. Up until Harry Hopkins' hasty shift from WPA to Commerce, Mr. Roosevelt had been anything but partial to Mr. Hoover's pet department. Appropriations were limited and ambitious young men in Commerce sought employment in more favored government agencies or in private industry—where they could flex their mental muscles.

When Mr. Hopkins took over, he borrowed experts from private industry and put in what Washington newspapermen called "Harry's spark-plug boys" to get back the old ambition and zip. But the stepchild status still sticks.

Most ambitious of all the Hopkins' projects has just started: collection of data on inventories, sales, and new orders. Here was something which economists, statisticians and business analysts had been clamoring for as the missing statistical link in business data. There had been figures on production and some figures on sales, but no really satisfying data on "production en route"—on whether it was piling up on the shelves of manufacturers themselves, whether it was being shifted from one manufacturer to another, or whether it was really going into ultimate consumption.

When business collapsed with very little warning in 1937, business analysts quickly found tongue, declared it to be an inventory depression, complained that data on inventories and unfilled orders were too meager to provide a reasonable indication beforehand of how bad things really were. So immediately the collection of manufacturers' inventory, new order, and sales statistics became a goal. Government statisticians held conferences on how collection of the data could be most feasibly accomplished; private organizations mulled over the same problem.

ONE OF THE FIRST to get going was the National Industrial Conference Board, which now has running monthly figures on manufacturers' new orders and inventories going back to 1929. Slower moving, the Department of Commerce has just got started on the same tack. Its first questionnaire, very similar in form and substance to the Conference Board's, went out in December—the same month the Conference Board published a formal report on its findings. To date, the returns have been insufficient to provide a broad and adequate sample, nor have the data been carried back far enough in time to provide necessary statistical points of reference.

And yet, already there's a movement afoot in Washington to kill the program in infancy. Minority Senate Leader McNary, Minority House Leader Martin, and Rep. Rabaut, who is acting chairman of the House Appropriations Committee dealing with the Commerce Department's appropriation, are threatening to cut the department's budget and stop the inventory survey. The argument the triumvirate offers is that this is just another scheme to "wrap business up in red tape."

ADMITTEDLY, business men are being asked to fill out a lot of questionnaires by government and other agencies; admittedly, questionnaires are troublesome and expensive. But this seems to be one project that is worthy of support. It will help to supply data that will throw additional light on the business cycle. And business men, apparently, are willing. Not only has the Department of Commerce had an encouraging response so far, but the attitude of business men is even more strikingly indicated by a statement made by Virgil Jordan, president of the Conference Board, to the editor of BUSINESS WEEK: "Our own sample has more than doubled in the past month, and cooperation is magnificent."

The case of Messrs. McNary, Martin, and Rabaut would have been more appealing had they said that Commerce will duplicate work already done by the Conference Board. But they didn't say that. They let loose an attack which can only be explained either by their own economic innocence or their politics. And, lest they now try to seize on the argument—the Conference Board is doing it, so why Commerce?—BUSINESS WEEK hastens to add that in statistics as vital as these, two series, one to check on the other, certainly would not be amiss. Commerce ought to be allowed to keep on. After all, not everybody knows it, but the Department of Commerce probably supplies more raw material for economic and business research than any other single organization in the country.

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